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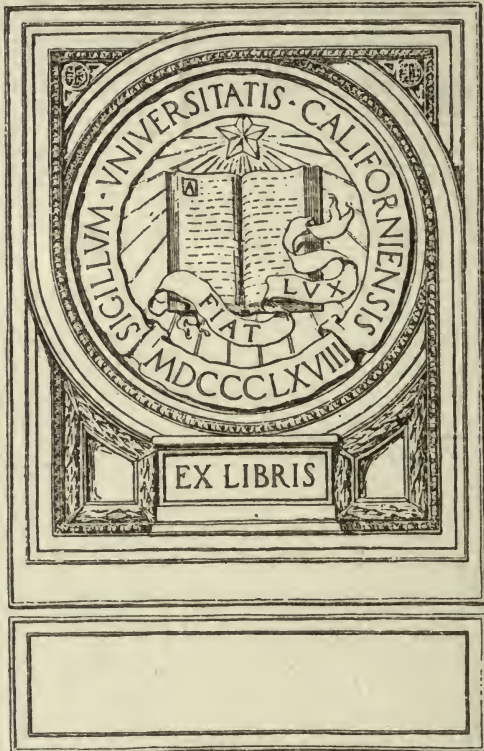


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CHINA AFTER THE WAR

HSU SHIH-CHANG

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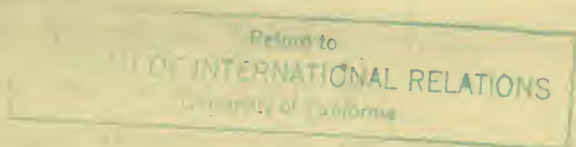
CHINA AFTER THE WAR

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BY

HSU SHIH-CHANG

PRESIDENT OF THE REPUBLIC OF CHINA



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INTRODUCTION

It is said that human events move in cycles. This is but another way of saying that history repeats itself. From the earliest times down to the present, history has been marked by an alternation of peace and war, of order and chaos, of growth and demolition. Like the ebb and flow of the tides of the ocean, construction succeeds destruction, and destruction succeeds construction. There seems to be an unceasing transition from the one to the other,—every peace an interlude between two wars, and every war an interlude between two peaces.

In this unbroken chain of alternating succession, however, the keynote is change, change in thoughts, in beliefs and in ideals; in social, economic and political institutions. Of course, not all changes are improvements; some are for the better and some for the worse. But from every period of destruction and chaos the people always emerge with a stronger desire and a greater anxiety to find out the whys and wherefores of the trouble, to study its effects and to discover what reforms and innovations are needed, in order to adjust themselves to the changing conditions.

The Great War that has just passed is but a further evidence to substantiate this historical truth. It constitutes no exception to this immutable rule of change and succession. After war comes peace; after destruction comes construction. This is the invariable sequence of events. The nations, neutral as well as belligerent, are to-day naturally asking themselves the questions: What were the primary causes that underlie the World Conflict? What are the effects that it has produced? What are the needs that it has revealed? Or more important still, must history always move in cycles, or can we not alter its course to a straight line? In other words, is it possible to prevent wars in the future? If so, along what lines must the world be rebuilt?

These are fundamental questions. They must be answered before the work of reconstruction can be carried on intelligently. Unless light is shed on them, national and international rebuilding would be a blind and aimless undertaking. It would be like a ship without a compass, having nothing to guide its course. The world must be reorganized in such a way that the awful calamity will have no occasion to repeat itself in the days to come. Unless safeguards are provided against future conflicts, the greatest lesson that the World War has taught will not have been learned. Reconstruction must be a work of emancipation from the enemy of civilization. To use the words of Lindsay Rogers, "There will be peace without victory unless construction leads to freedom; the outcome of the war will not be satisfactory unless democracy is made safe for the individual and the nation." That is, in short, the task which confronts the world.

Of the different phases of national rebuilding, none perhaps is so conspicuous and vital as that along the economic line. Every one who is able to grasp the significance of the war knows that the great crisis through which the world has just passed was mainly caused by the merciless industrial competition among the nations. It was the struggle for commercial expansion and economic advantages that set the world on fire. Indeed, when we go to the root of things, we find that, at the bottom of every change and upheaval in society, the economic factor usually plays the most important role. The struggle for existence and subsistence is the dominant motive with every being and every nation. It is a condition for the advancement of trade and civilization. We have but to read history to be convinced of the truth of this fact.

In ancient times people satisfied their material wants through bartering. It was an exchange of the things which one had for others which one did not have. This was the beginning of the

primitive market and the earliest form of trade and commerce. The ability to produce things and the desire to have them were, however, unequal with different individuals and tribes. Such inequality in supply and demand created rival sellers and buyers, and, in consequence, gave rise to competition. But competition could not continue long without giving rise to conflict of interests; and when such conflicts were carried to the extreme, economic warfare led to a matching of weapons. Thus war came to pass. As soon as war was started, the economic order and the social structure for a time broke down. A period of destruction followed, and normal conditions were not restored until long after peace returned through conquest or compromise.

After every conquest or compromise, there was a period of rehabilitation and reconstruction. Mindful of the fact that the economic factor was the primary cause of the war, people again tried every means to promote their economic prosperity, hoping thereby to store up sufficient strength for another emergency. Competition reappeared and pretty soon it became so keen that another armed conflict was inevitable. Thus the same sequence of events is repeated in a circle, and thus economic competition is both the cause and the effect of war. We have therefore to recognize the continued existence in the world to-day of those economic forces which tend to produce wars, and the importance of this element especially among the causes of the present war.

The Great Struggle that we have witnessed was unprecedented in history, unprecedented because vital interests were at stake. The whole structure of modern society with its accumulated arts and science and civilization trembled in the balance. The influence it has exerted and the effects it has produced have been most wide and far-reaching. Altogether no less than thirty-two nations took part in this great struggle. It lasted for four years and a half. In this war upwards of 60,000,000 able-bodied men were mobilized

and the enormous sum of 30,000,000,000 dollars was wasted. The total casualties were estimated at the appalling figure of 35,434,443. Cities and towns were laid waste, irredeemable government bonds were inflated in volume, and prices of food-stuffs trebled and quadrupled. In short, the havoc that the war has wrought is so great and extensive that there is hardly a neutral, not to say a belligerent, nation which has not been in some way seriously affected by it.

Such being the cost of the war and the extent of its destruction, it is apparent that the first and immediate problem of reconstruction is an economic one. Of the different phases of this economic problem, industrial rehabilitation is the most urgent. Already in Europe every attempt has been made to revive the disrupted industries and to reorganize the old enterprises. France once more in possession of the iron mines of Lorraine and the coal fields of the Saar Basin is bending her energy to the development of her iron works and steel foundries. On the other hand, Germany, deprived of such rich resources, is turning her attention to the improvement of her electric and chemical manufactures. England is also taking special steps to stimulate industry within her empire. She has recently incorporated a favorable treatment clause in the new Trade Laws with regard to the importation of products and manufactures from her oversea dominions. America and Japan, the two nations which have profited by the war as far as their commerce and industries are concerned, are trying hard to maintain and strengthen the advantageous economic position they have thus gained. The resumption and promotion of economic well-being is then the most conspicuous feature of reconstruction.

As a step towards the speedy revival of industries, there are nations which have found it necessary and expedient to impose governmental control on their industries. Such a course of action is justified on the ground that efficient co-ordination of the economic

organizations will augment production which is now the greatest need. The laissez-faire policy of the pre-war days is no longer supported with zest. It must be abandoned at least for the present. It is alleged that the elimination of private capitalists from the control of industries will not only prevent profiteering, but will lead to the equitable sharing of the proceeds among the workers. This point will be taken up more in detail, when we come to the chapter on industrial policies.

Finally, there are unmistakable signs of a tendency towards greater economic co-operation among the nations. The establishment of the International Scientific Association under the auspices of the London Royal Society is an indication in point. It is an international movement for the application of the sciences to industry. Besides this cosmopolitan organization, there are other attempts along this direction. The meeting of the Labor Unions of the different countries in London, the International Economic Conference at Brussels, the convocation of the International Chamber of Commerce in New York—these and all others have as their primary object the promotion of international co-operation. The nations have come to believe that only by this way can they remove the economic conflicts which may lead to future wars. There are many questions arising from economic and industrial competition which can not be settled by the League of Nations, and which can be solved only by mutual aid and voluntary co-operation.

China has been admitted to the League of Nations as a regular member. If other countries are striving for economic betterment, she can not stand aloof. She must do her part to adjust herself to the changing world situation and to help the powers solve the problems of economic cooperation. Only in this way may she be worthy of her membership in the League; only in this way may she survive in her struggle for national existence.

With this end in view, we propose to discuss in Part I, the economic and educational tendencies in Europe and America after the war; in Part II, the natural resources and educational conditions of China; and in Part III, China's future position in the light of her international relations. It is our earnest hope that the array of facts and information herein given may help our people to understand better the changes going on outside of China and serve as a guide for the reformation of our country, to the end that she may be brought in line with the progress of the world. If this object can be realized even in a small measure, these chapters will not have been written in vain.



PART I

RECONSTRUCTION AFTER THE WAR

CHAPTER I.

Economic Effects of the War.

Napoleon was said to have once remarked that the chief factor of military success was money. To him it seemed that without adequate financial resources no war could be won. To-day men have gone a step further and say that without Men, Money and Munitions, no victory is possible. This signifies the paramount importance of the economic factor in time of war as well as in time of peace. The most perplexing problems at the Peace Conference were also the economic problems. All the boundary questions, such as those over the Saar Basin, Silesia and Fiume, which were issues of burning controversy were not merely of political significance, but of economic consequence as well.

Before we embark upon a detailed consideration of the new economic policies and tendencies in Europe, let us, first of all, consider the economic effects of the war, especially the losses in lives, in money and in materials and their serious consequences upon the economic order of the belligerent nations in particular and of the world in general.

I. The Loss in Lives.

During the terrible conflict, nearly 60,000,000 men were mobilized. Of this number 18,700,000 were wounded and 7,800,000 killed, totaling 26,500,000, or 44% of the number mobilized. It must be borne in mind that those who were drafted into active service were all able-bodied. Now if 44% of these were on the casualty list, the tremendous loss in productive power to mankind can well be imagined. We all know that the three factors of production are raw materials, capital and labor. Of these, labor is always considered as the most essential. Without labor, raw

materials can not be manufactured into finished products, and capital can not be made to yield interest. As a result of the enormous loss in man power, Europe will soon be confronted with a shortage of labor as she had been during the war.

At present, however, this shortage has not yet been felt. In fact, the immediate trouble lies not so much in the need of labor as in the excessive supply of labor. Take the case of England. The outstanding question with the British Government to-day is how to devise means to give employment to its 5,000,000 disbanded soldiers. To add to the complexity of the situation, there are 1,500,000 women workers who were called upon to take the various places vacated by men during the war and who, with the return of the latter from the front, must now be disposed of. This has become a baffling social question in England.

Nations which are confronted with such difficulties are appropriating large sums of money to succor those ex-soldiers who can not find work to do. According to statistics gathered in July of last year, there were 15,000,000 families which had been receiving government allowance. Among the remedies suggested to create employment for them, have been the reduction of working hours and the restriction of child employment. The nations are trying their best to solve this problem, namely, the problem of finding openings for this excessive supply of labor.

Such abnormal conditions obtaining in the belligerent countries are only temporary. When peace and order have been completely restored, and a new adjustment made, the economic pendulum will gradually swing back to its normal position and a shortage of labor will then be felt.

So far, we have only dealt with the casualties of war and their effect upon labor conditions. There was, however, a large number of civilians who suffered even more, not only from engines of war, but also from famine, disease and massacre. This is

estimated to be more than 9,000,000. In regions like Belgium, Northern France, Poland and Servia where battles had been most fiercely fought the number of non-combatants killed and wounded was well-nigh incalculable.

Moreover, on account of the separation from home on the part of the young soldiers, the birth rate has been considerably reduced. Mr. Vanderlip in his book on "What Happened to Europe" estimated the reduction at 12,000,000. If this figure is reliable, then the total loss of lives would be over 40,000,000. If we bear in mind the fact that the total population of the belligerent nations, young and old, male and female, does not exceed 400,000,000, then the loss of 40,000,000 is an alarming figure indeed. Also if we remember that most of these 40,000,000 are young men of muscular strength and mental ability, we may be able to form an adequate idea of the magnitude of the cost of the war in terms of human lives and of the loss in economic force and productive power.

II. The Destruction of Property.

The great havoc of the war on property finds no parallel in history. Whole villages and towns were burned off, houses and buildings were destroyed, factories and mines were damaged and sunny fields and pastures were turned into a desert deluged with blood. The devastation was so great and extensive that when such places are revisited, they are beyond recognition. The farmers are the ones who have suffered the most. Their cultivated lands were dilapidated by the explosion of cannon shots and ruined by trenches dug in them. The once fertile soil has been mixed with powder, cinders and stones, and it will be quite a few years before it can be restored to its former state of fertility. Thousands of acres of fields, gardens and orchards have thus been rendered unproductive. M. C. W. A. Veditz in his book on "The

Reconstruction Needs of France", observed that to repair, restore and reconstruct all the houses, fields, mines, factories, and other buildings in France would require at least ten years' time and the sum of 645,000,000,000 francs. The Northern part of France had been the most prosperous section, where the output of coal constituted 68% of the entire coal production of the country and 90% of the output of iron. Wheat, vegetables, alcohol, cotton were also abundant. But during the conflagration this part suffered the greatest devastation and such products were destroyed. The loss of one section was already considerable enough, but the total destruction of the entire war zone will be still more staggering and fabulous.

Besides these ravages, the transportation systems in the war area have also been greatly shattered. All the commercial and industrial centers in Europe depend on transportation facilities for their supply of foodstuffs and raw materials and for the export of their finished products. Now when such means have been damaged, not only the whole industrial system is liable to come to a standstill, but famine may threaten to follow. Panic is the inevitable outcome, and the very foundation of the social as well as economic fabric may be in jeopardy. Such is the case with Serbia, Austria and Poland. Let us see to what an immense extent the means of communication have been ruined in these countries.

In Serbia almost the whole railway system had been destroyed, and at the time of the signing of the Armistice there were only nine locomotives left. In the Eastern Theatre Poland was alternately captured and recaptured three times by the Germans and the Russians, and so her communication system suffered the same fate. In consequence, both Serbia and Poland experienced great difficulties in transporting foodstuffs to various places in their territories, and hunger and starvation are staring the people in the face.

In the Western Theatre hundreds of railroad bridges along the borders of France and Belgium were destroyed by artillery and dynamite. An official inspection of these places reveals that the foundations of some of these bridges were so shaken that they are no longer good for any use. Railway lines outside the war area were also greatly damaged on account of the wear and tear from excessive transportation of soldiers and munitions and other military supplies.

On sea, ever since the submarine policy was enforced by Germany, merchant marines were cut down from 41,000,000 tons before the war to 25,000,000 tons after the war. Although 12,000,000 tons were constructed during the struggle, the tonnage available at present is far from being sufficient to revive commerce to its former state of prosperity.

Such then is the enormous loss in materials and property and such are the economic effects upon Europe. The suffering and distress would take years to relieve; the damage and destruction would require decades to replace. Recuperation is now the problem uppermost in the minds of the statesmen and the peoples of these unfortunate countries.

III. Financial Losses.

According to competent financial authorities, the total estimate of the cost of the war in terms of money is 300,000,000,000 dollars. This stupendous sum was raised principally through subscription to government bonds in the various countries. England and America attempted to meet their quotas of the cost through taxes alone, but they have found it impossible to do so because the sum is too big to be made up through this channel. According to reliable figures the combined government debts of England, America, France, Italy, Russia, Germany and Austria were

\$54,300,000,000 on August 1, 1914. On Jan. 1, 1919, \$388,800,000,000 was added to it, making an aggregate of more than \$440,000,000,000. The following figures show the national debts of some of the countries :

Russia	\$ 108,000,000,000.
Germany	\$ 80,000,000,000.
England	\$ 75,000,000,000.
France	\$ 60,000,000,000.
U. S. A.	\$ 53,000,000,000.
Austria	\$ 34,000,000,000.
Italy	\$ 30,000,000,000.

The interest to be paid on these national debts alone is startling enough. If reckoned at 5%, it would amount to \$22,000,000,000.

Besides the floating of loans, the governments also tried to meet the financial stringency through the issue of notes. This is another feature of the abnormal fiscal condition. It is mainly responsible for the economic disturbances in the world's financial market. The total volume of notes issued since the war began is \$140,000,000,000 or fourteen times the amount on the money market before the war. It is true that the cash reserve has also been increased, but the increase falls far short of the proportion to the inflation of paper money. Such is especially the case with Russia, Turkey, Germany and Austria. In Russia the percentage of cash deposit held against the volume of notes in circulation almost shrank to nothing. Turkey at one time had only 5,000,000 pounds kept in store. Germany, though well-off at the beginning with 2,400,000,000 marks amassed before the war, is now experiencing the same financial depression. The situation in Germany has been further aggravated by the need of cash for buying food from other countries and by the requirement of cash payments specified in the terms of the Armistice. What is left in her treasury now is a little more than 1,000,000,000 marks, and the percentage of reserve held against the notes in circulation had dropped to 3%.

Austria before the outbreak had a cash reserve as high as 71.78%. Now it has dwindled to .66%. That of Italy has been lowered to 9.4%; of France to 16%; of England to 22%. All these percentages fall far below those prescribed by the governmental and financial authorities in these countries. A gold deposit of 33% of the paper money in circulation has been the accepted basis of a sound financial system. At present, America and Japan are the only two countries which are capable of meeting this requirement. The reserve of the Federal Reserve Bank of the United States is 48%; and that of the Imperial Bank at Tokio 33%.

One of the most baffling problems confronting the statesmen and financiers of to-day is therefore how to adjust the volume of paper currency to its right ratio to the reserve. If we turn to history, we find that it took America 14 years to restore her notes to par value after the Civil War; some of the European countries, 15 years after the Napoleonic War; France, 7 years after the Franco-Prussian War. Taking these examples in history as the basis of our estimate, it would take at least twenty years before the notes now in circulation can be made to correspond in value to their gold equivalent.

So much about the losses in terms of human lives, money, materials and property. Now let us enter into the effects of such losses upon the economic world and upon general conditions.

I. The Shortage of Foodstuffs and

Raw Materials.

In Europe because of the constant fear of insufficiency in foodstuffs, agriculture has always been given as much emphasis as commerce and industry. It has been calculated that out of the 450,000,000 people in Europe, upwards of 100,000,000 depend for

their supply of food upon imports from countries outside of their continent. This distress was further intensified during the hostilities by the drafting into service of millions of farmers. Not only was production curtailed, but there were insufficient ships to transport food from the outside. In the face of this deficiency in food supply, there was no other alternative but the enforcement of extreme economy and temperance in food consumption among their people. For this reason, the amount of food to be consumed by each person was limited, breweries were closed and dogs were not allowed to be reared. There were days in the week on which the people must abstain from sugar, potatoes and meat. The soldiers were properly fed, but those at home had to be contented with a bare subsistence.

Now that the war is over, it is a natural reaction that the people who have been shackled by such unwelcome restrictions are clamoring for a speedy return to their former state of ease and comfort. But there are belligerent countries in which conditions are now much worse than they were when the war was still in progress. Austria and Serbia are standing instances. Famine is found in both countries; their people have to eat straw and wheat husks to appease their hunger and put on hemp bags to resist the cold winter. Eightyout of every hundred Jugo-Slavs are said to have been attacked by tuberculosis.

Similar facts are given by George Keyenes in his noted volume on "The Economic Consequences of the Peace." Both Germany and Russia, according to him, have been suffering from food scarcity on-account of reduced production and the lack of transportation facilities. Germany before the war produced 85% of her food; but now her fields yield only 45%. In Russia foodstuffs had always been the chief item of export, but now she has to look to other countries for their supply.

Nor has France been free from this economic distress. Her Minister of Interior expresses the belief that the native production of food will not be sufficient to supply the needs of one half of the French people. He based his estimate on the fact that in 1919 the harvest of wheat and rice was only one half of that in 1913.

Besides food, fuel and industrial supplies are also scarce. Especially is this true with coal. Coal is the food of machines, without which no industrial plant can be set in motion. Most of the coal mines in France have been ruined by military activities, and it will require a number of years to restore them. In England the recent miners' strike has decreased her output. Germany, after the award to France of the Saar Basin and Lorraine, is left without a source of coal supply within her territory. Italy had no coal production of her own. She used to rely on England and Germany for its import, and as these two countries are suffering from shortage of the same thing and as shipping tonnage is not available, Italy's distress in this regard is rendered more intense.

In Austria, during the last winter, conditions were still worse. Most of her trolley lines, and electric and gas plants were compelled to stop work and the people had to endure the bitter cold weather without fire. The rich people burned wooden articles and furniture for a little heat, but the poor had to shiver. It is unnecessary to go into a detailed review of the bad conditions given rise to by the shortage of food and fuel. We have given sufficient examples to illustrate the hardships, misery and distress that war entails.

II. The Rise in Prices of Food.

The rise in food prices in Europe to-day may be attributed to three primary causes, namely, (1) the decrease of production, (2) the swelling of the national debt, and (3) the unduly large bulk of notes in circulation.

As to the first cause, we can all see how prices have arisen because the supply of food does not keep pace with its demand. The excessive issue of government bonds and notes has a tendency to lower the value of paper money, and thus indirectly raise the level of prices. The statistics gathered by Sir George Paish of England contain a few significant points. He finds that the reduction in food production is only 40%, but prices have soared to 180% of its former level. Even though practice of economy and temperance would make up the 40% deficiency in production, there is still a wide discrepancy between the supply and the rise in prices. In countries where the volume of notes is unusually large, the rate of rise in prices is still higher.

The governments concerned are of course quite alive to such an abnormal rise in the cost of living and the hardships which it works on the consumers. Various devices have been suggested and enforced. Some of the governments have attempted to subsidize the bakers; others have restricted the increase of house rents. Despite these laudable efforts, prices in fuel, dry goods, utensils, soap and matches and other household necessities are still scaling upward from 3 to 6 times their former cost. Taking the average, we are warranted in saying that prices in general have at least trebled since the outbreak of the war.

Thus far we have confined ourselves to the rise of food value only in Europe. But the economic relations of the nations of the world have been getting to be so close and intimate that no nation can be free from the economic disturbance of another. A perusal of the Annual Report of the New York National Bank reveals the fact that the silk of China and Japan, the hemp of the Philippines, the cotton of Egypt, the tin of the Malay Peninsula, the animal skins and furs of India, Mexico and South America have all increased

200% in value. And yet these are not daily or military necessities; nor are they produced in belligerent countries. This goes to show that no one spot on the face of the earth is unaffected by the economic disorder arising from the war.

If we turn to the Far East, we find that food prices in Japan have risen quite nearly as high as those in Europe and America, and living expenses have doubled since 1915. Although the rise in the cost of living in China is insignificant compared with that in the West, yet when we come to consider the fact that the foreigner in China has to convert his gold note to silver currency before he can buy our things, the rise in the cost of living is at once apparent. Gold exchange has depreciated more than one half its former value; so prices may be considered to have doubled, even if we assume that prices in terms of silver currency remain unchanged.

III. The Labor Unrest.

Beyond question the labor problem is the great economic problem of the epoch in Europe and America where industry thrives. It is a problem which had already been looming large years before. The war has only rendered it more complicated and formidable and the unrest more noticeable, thus causing more apprehension. This unrest is traceable to four causes: (1) The growing consciousness of their personal importance on the part of the laborers consequent upon their participation in the war. (2) The overthrow of autocratic governments. (3) Unemployment. (4) The high cost of living.

1. The growing consciousness of their personal importance on the part of the laborers consequent upon their participation in the war. The World War afforded the laborers opportunities to display their patriotism and render signal service to the country. They constitute the greater part of the population of a country and so

they more than others are the ones who suffered the most from the terrible struggle. In the factories and arsenals and in the battle-field, they were one in mind and heart, working patiently for the salvation of their country. Hours were prolonged and wages were lowered without arousing a murmur of protest. These services of self-abnegation have won for them the respect and gratitude of the nation and tend to produce upon their mind a feeling of pride and personal importance which underlies their agitation for the improvement in their living conditions.

2. The overthrow of autocratic and bureaucratic governments, and the consequent enlargement of the power of the people.

The war has tolled the death-knell of many despotic thrones in Europe and paved the way for a greater measure of democratic rule. At no period has the idea of self-government of the people, for the people and by the people received a greater impetus and acceleration. Such being the case, the workingmen who constitute the large portion of the people are having a greater voice in the affairs of the state. As a class they are no longer to be neglected. It is a social and economic power which statesmen have to reckon with. The reforms which they are now crying for are not only shorter hours and increased pay, but also a share in the profits of industrial organizations and a hand in their management.

3. Unemployment. The question of unemployment is assuming more and more serious proportions. Some of the old factories have been closed, while others which were turned into military use have not been brought back to their former working order. A large number of men who returned from service at the front are thus left without occupation. Many of these ex-soldiers have no resources to draw upon and are therefore reduced to penury. Others have become parasites to the government. Indeed, such a prevailing situation affords a good opportunity for the spread of Bolshevik ideas of strikes and other forms of labor agitation.

4. **The high cost of living.** Those of the workingmen who are able to obtain employment are face to face with the problem of the high cost of living. It is true that wages have been increased, but the increase is trifling compared with the rise in prices of food. Millions of laborers are barely able to maintain themselves above the margin of starvation. The war leaves them in a condition worse than that of any other classes of people. They have suffered more than others the pain of body and anguish of spirit—wounds, disease and death. And now that the war is concluded, they feel that their toil is not lightened and their life is not made happier and brighter.

In view of such conditions, are we to feel surprised that strikes have been so universal and labor agitations so general? It is unnecessary to count the volume of newspaper space devoted to different phases of this industrial unrest, or to name the many crises that have risen in Europe and America to convince oneself of the paramountcy of this issue. The situation is most acute in Russia and Germany, amounting to revolutions, and in England it calls for sweeping changes in the position and policy of the government. In the latter country, the labor agitation has a social as well as political complexion. The workingmen are even clamoring for the nationalization of the railways and coal mines, non-intervention in the Russian trouble, the abolishment of the conscription system, and the release of the imprisoned pacifists. In short, signs of unrest are everywhere in evidence. Industrial revolution has never been so real and conspicuous a thing as it is to-day. It constitutes one of the most difficult economic problems which statesmen have to tackle. If industry is to advance and progress, the grievances of the laborers must be redressed before cooperation and harmony can be promoted. We must also understand that the labor problem is not one with the workingmen alone, but one which includes many other social questions

concerning the very life of a nation. The real solution to the problems that now threaten Europe and America will not be found until early action is taken to remove the conditions making for this unrest.

To summarize, the condition of things is this : The war has brought upon the belligerent countries tremendous losses in lives, property and money. These in turn have considerably reduced production and caused a rise in the prices of foodstuffs and therefore an advance in the cost of living. Such abnormal economic conditions create among the laboring classes a feeling of discontent and dissatisfaction which find vent in strikes and riots and afford a fertile soil for the growth of extreme socialistic ideas. This, in fine, is the sequence of events. These are the problems which press for immediate solution. In the chapters that follow, we propose to consider some of the main economic tendencies current in Europe and America, and the ways and means that have been adopted by statesmen to save their countries from economic bankruptcy.



CHAPTER II.

Financial Tendencies after the War.

When the war was in progress, the one thought of the belligerents was to win it at any cost. No stone was left unturned in marshalling their resources and mobilizing their forces. At the time, they paid little heed to the heaviness of the financial responsibility they had to shoulder. It was not until the Great Conflict came to a close that the conscious feeling of these crashing burdens began to dawn upon their people with full force. These are the stern realities they have now to face and the formidable financial problems they have to solve.

The war was a great drain on the monetary resources of the belligerent nations. Almost every European country is facing a financial crisis. Money is now one of the greatest needs. The inflation of notes in the market has to be straightened up and interest on government bonds to be remitted. Besides, an enormous sum of money is needed to carry on the work of reconstruction. To re-instate the transportation system, to repair the devastated areas, to revive industries—these are things which must be done right away. Unless funds are to be had for this purpose, the dispersed will have no homes, fields will not be cultivated and factories will not be reopened. Famine will follow and labor strikes will continue their sway.

Of these aspects of the financial problem, that of the restoration of national credit is the most fundamental. What are the governments going to do to redeem their promise of payment to their people? In other words, how are they going to maintain their solvency? Unless means are quickly adopted to tide over this impending financial stringency, there will be general bankruptcy of the nations.

The remedies that have been proposed by statesmen and economists are many and various, and we have only time and space to touch on the four most salient and weighty ones, namely, (1) Equal or proportionate distribution of the war debts among the belligerent nations, (2) Levy on capital, (3) Annulment or repudiation of the government loans, and (4) General increase of taxes.

I. Proportionate Distribution of War Debts. From the very beginning, France has been advocating this proposal. She believes that as the war was waged for the welfare of all the Entente nations, the expenses defrayed and the debts incurred ought, therefore, to be met by them all. These financial burdens are to be distributed proportionately according to the population and the power of production of each country. This idea has been enthusiastically taken up by Sir George Paish who makes the additional suggestion that the League of Nations should undertake to issue bonds to the amount of 4,000,000,000 pounds as funds needed for reconstruction in all the allied countries.

To this proposal, there are pros and cons. The strongest argument against it is that although the war was carried on in the interest of all, yet the element of danger and menace varied in degree with the different Allies. For instance, America and Japan were not so directly threatened by the peril of Prussianism as were France and Italy. It is unfair therefore to require America and Japan to shoulder a share of the responsibility laid on France and England. Moreover, by what principles are they to be guided in making population and production the equitable bases of distribution, so that no injustice would be done to any party? On the other hand, of course, no one will deny that the proposal has also some merits. But in view of many practical difficulties, it can hardly be adopted without fundamental changes and serious modifications.

2. **Levy on Capital.** This is a scheme of imposing a tax on war fortunes or war-time increase of wealth. It is based upon the belief that those capitalists who have made large profits from the war should be made to pay a heavier tax. This proposal was brought forward with the intention of clearing away the national debt by a few bold strokes. It is to be justified on the ground that as the unprecedented weight of the debt imposes upon a nation an unprecedented obligation, a method of speedy and effective release from it becomes imperative.

The scheme was zealously upheld by the spokesmen of labour and the Liberals of England, and strongly seconded by the financial authorities of France. After it had been seriously considered in financial councils, however, it was tabled on account of the strong sentiment of the capitalists against it. It has been forcefully urged that if taxes were to be levied on this basis, the capitalists would lose so much of their capital and indirectly so much of their power of production. Furthermore, many of them would try to evade taxation by concealing their money instead of investing it in productive enterprises. In other words, a tax on capital would cripple, if not destroy, the industries of the country and discourage saving at a time when industrial reconstruction should take all precedence.

One of the arguments in favor of its adoption was that to levy a tax on the capital of such profiteers as the owners of munition factories who made great fortunes during the war, not only would work no hardship on them, but also would tend to equalize the distribution of wealth. While we do not say that wealth acquired by them during the war was illegitimate, we do think that their gains were quite out of proportion to what their efforts warranted. So it would do much to ease their conscience to require them to give up part of the profit which they have thus undeservedly acquired.

3. **Repudiation of the Government loans.** This is even more novel and high-handed a device than that of making a levy on capital. Except Russia which has made use of its governmental authority to declare null and void all national and international debts, no other nation dares to contemplate such a bold step. A summary cancellation of national liabilities will not only militate against the credit and good faith of a government, but places the country in jeopardy. It undermines the foundation of a government by killing the desire of its people to look up to it for the protection of their rights and liberties. And when the next emergency arises and financial assistance on the part of the people is needed, the latter would hesitate to render their support to the government.

In the case of repudiating international loans, the consequences and risks involved are even more serious. No country can ignore the financial obligations it owes to another without causing a break in diplomatic relations, if not a resort to an armed conflict, with the nation which is the creditor.

Of these dangers and risks the Russian government is by no means unaware. Russia was only forced to embark upon such a desperate adventure by the hopeless insolvency of her treasury and the inability to discharge any of her obligations. As was to be expected, those nations who are her creditors have declared that they would not recognize such an irresponsible action. Both England and France have already lodged a strong protest against it. The latest news is that the Russians are gradually awakening to the folly of the scheme and may soon rescind this repudiation order.

4. **Increase of Taxes.** The above three schemes,—proportional distribution of war liabilities, levy on capital and repudiation of national debts—have been carefully considered by the financial authorities of Europe and found to be quite impracticable. There

remains another proposal which is being widely advocated, namely, the increase of the scale of taxation or to continue the present high rate, particularly the heavy income tax, until the burden of debt shall in some measure have been lightened and revenue could be made to balance expenses. This seems to be the only feasible way of straightening the chaotic financial situation. It can be enforced with the least amount of attendant difficulties. Many thoughtful men have declared themselves in favor of this plan on laudable grounds. A heavy tax, so they think, would serve as a reminder of the war and keep its horrors and sufferings ever green in the memory of the people. The shouldering of such heavy burdens will also have the salutary effect of engendering in the minds of the government officials a greater degree of care and economy in the use of public funds. Furthermore, it would stimulate the citizens to a more vigorous and enterprising life, as well as to habits of thrift and assiduity.

Nevertheless, the plan, if adopted, is not so simple as it appears. Returns from this tax are based upon the incomes of the people, which in turn depend on the industrial prosperity of the country. Here again the question is closely connected with industrial expansion.

Now there are two ways of developing industry, which will increase the sources of taxation: (1) to protect native industries and (2) to encourage new enterprises. The first may be done through laying a heavy duty on imported goods. This will be treated in a later chapter. For the present we shall concern ourselves with the second.

There are many formidable obstacles to the development of industry in Europe to-day, the greatest of which are the low rate of exchange and the high rate of interest on loans. As has been pointed out more than once in this book, Europe has been suffering from a shortage of raw materials. The countries to

which she is looking for supplies are principally China, India, and America. From America not only has Europe borrowed much, but she has also imported more goods than she has exported. The natural outcome of such an enormous debt and such an unfavorable balance of trade is to lower the rate of exchange of European currencies.

In China and India where silver is the accepted standard, gold exchange indicates a drop which is nothing less than phenomenal. There is also a marked discrepancy between the value of silver bullion and that of gold bullion on account of the increasing demand for silver to pay trade bills. To add to the scarcity, the output of silver ores has been very much curtailed. On account of the endless revolutions in her territory, Mexico has not been turning out the usual amount of silver as she used to in recent years. Also Australia has produced less in quantity than ever before.

These circumstances all conspire to raise the value of silver with a corresponding fall in that of gold. Such disturbances in the money markets serve to retard the revival of industry in Europe, for the latter must import raw materials from countries where silver is the metallic standard. Unless European countries are able to resume their industries and to produce goods that they can export, in exchange for their imports whereby the equilibrium may be reestablished, Europe can not possibly avoid bankruptcy. She is, in fact, on the very brink of it already.

In view of such economic stress the statesmen and financiers of Europe are united upon the necessity of international cooperation and agreement in this regard. If anything like normal conditions are to be restored, it has become essential that all countries, that are burdened with war debts, or that have accumulated a large adverse balance of imports over exports,

should band themselves together and devise measures to stabilize foreign exchange. In fact, the International Economic Conference held in Brussels and the meeting of the International Union of Chambers of Commerce in New York were actuated by this desire of promoting international cooperation and mutual assistance in re-establishing foreign exchange on a proper basis.

The second obstacle to the revival of industry is the high rate of interest on loans which arises from economic disturbances in the belligerent countries. The stupendous cost of the war which has drained the financial resources of the belligerent countries, has created a scarcity of money in the market, thereby elevating the rate of interest. The following is a table showing the difference in the rates of interest before and after the war in the financial markets of England, France and America :

	Before the war	After the war
England	2.5%	4.5%
France	3 %	5 %
America	3.5%	4 %

The interest rates of the government banks have also advanced considerably in the following countries :—

England	3 %	6%
France	3.5%	5%
America	4 %	5%
Japan	7 %	8%

Until adequate measures can be found to relieve the financial stress caused by the inflation of paper currency and the rise in food prices, money will continue to run short and consequently the rate of interest will continue to rise.

One of the steps that have been taken towards improving this situation is the unification and concentration of the financial powers of a country. This had been done in Germany long before the war, and we do not need to enter into her case here.

In England, financial power is now concentrated in her five largest banks, supervised by a committee named by the Chancellor of the Exchequer and approved by their boards of directors. France is also relying on her four big banks to support herself. In the United States the Federal Reserve Bank, since its inception, has yielded good results and amply justified its existence. As yet, this movement has not won its way in Japan. It will not be long, however, before public opinion in the Island Empire will bring pressure to bear on its government to follow suit.

When financial power is concentrated in a few banks, credit will expand, which in effect will lower the rate of interest. If the rate of interest is lowered and foreign exchange restored to a normal level, raw materials will move faster and more readily from one country to another and industries will begin to take on a new lease of life. These are necessary steps to be taken before the sources of revenue can be developed, and the proceeds from taxes augmented.

Here the question is : Should the burden be borne entirely by the people of the present generation, or should a portion of it be relegated to future generations ? In other words, is the cost of the war to be met out of contemporaneous income alone or from that of the future as well ? It is urged that the coming citizens must bear an equal share of the cost, for they will be the ones who will enjoy the blessings which have been made possible by the sufferings and sacrifice of lives of the people of the present. The present generation have suffered enough bodily pain and mental anguish and have borne the burden of excessive taxes ; and it is only fair to require to shoulder a part of the cost of the war in money.

CHAPTER III.

Economic Policies after the War.

Like prolonged illness, a lengthy war would either bring death or at least greatly weaken the vitality of the people. The deadly struggle from which the world has just emerged has not only brushed away from the face of Europe its former comfort and prosperity, but almost upset its social, political and economic order. The only hope of recuperation lies in industrial revival and advancement.

Toward this end, every belligerent nation has organized a special board to take charge of the work of reconstruction. The Board of Financial Affairs of Belgium, the Restoration Commission of Italy and similar bureaux in Germany and Austria, France and England, have all as their chief function the readjustment of the economic order of these countries to meet the exigency arising from the World War. In America the special commissions organized during the war on Industry and Commerce, on Food and Fuel, etc. do not end their duties with the termination of hostilities, but continue to function as reconstruction commissions with enlarged duties and powers.

In this task Japan is not lagging behind. She has already called upon her specialists and authorities on finance, diplomacy, communication and agriculture to give the fruits of their mental labor to the development of industry and the opening up of new markets.

The policies of national rebuilding may be grouped under three main headings, name'y, agricultural, industrial and commercial.

I. The New Agricultural Policy.

The British blockade of the German coasts and the submarine activities of Germany both have for their primary object the cutting off of the food supply of the enemy. This is generally known as the policy of starvation. The question of subsistence is especially vital in time of war. Germany had long realized that the solution of this problem of food supply lay in agriculture. When Bismark was at the head of the German government, it was one of his pet policies to improve farming conditions. No pains were spared to convince his people of the necessity of promoting agriculture on account of Germany's peculiar geographical position and political status in Europe. He pointed out to his people the danger of laying undue emphasis on industry and commerce with a corresponding disparagement and neglect of agriculture. As a means of protecting the native farming interests, he caused a high tariff to be laid on all cereal products imported from abroad.

As a result of such encouragement and promotion on the part of Bismark and of untiring researches in this field on the part of her people, Germany has been transformed from a land of comparative barrenness and sterility to a fertile country yielding annually 61,000,000 tons of foodstuffs. The total annual consumption of Germany in pre-war days was 65,000,000 tons; thus there was only 4,000,000 tons short. This discrepancy she had been endeavoring to make up through the practice of thrift on the part of her people. England is essentially a commercial and industrial country, but she is fortunate enough to have colonies which are mainly agricultural. The farming products of Australia, India and Canada are known to be abundant. In exchange for

these, the mother country sends her manufactured goods. The British navy and merchant marine are quite adequate to protect and carry on this domestic trade. England therefore should have had no apprehension on this score.

And yet the war has revealed the fact that neither Germany nor England measured up to the calculated expectations of self-sufficiency in foodstuffs. France, Italy, Russia and Austria were even in a worse predicament. The internal troubles in Russia and Austria are partly due to the lack of means of subsistence. The paramount importance of home food production is one of the primary lessons learned in bitterness and dire peril from the war. Unless a nation is self-sufficient, she would be at the mercy of her enemy. This war has impressed upon us with new force the desirability of having a country's agricultural resources as completely developed as possible within her own borders. Hence the outcry of greater home production and how to encourage it.

Self-sufficiency is then the goal which the nations are striving to approach. To bring about this, they have laid stress on two things; (1) the opening up of new lands for cultivation and (2) the increasing of the crops.

(1) The opening up of new land for cultivation. According to statistics gathered before the war, almost every country in Europe except Norway and Sweden had over 50% of its entire territory under cultivation. France and Germany had over 60%. Even mountainous Greece and alpine Switzerland had from 30% to 40% of their lands under cultivation. It is quite certain that, during the war, the percentage in general has been raised. It has been reported that in 1917 England had 1,000,000 acres of her land opened up and that in 1918 2,060,000 more acres were added for agricultural purpose. One agricultural expert estimates that 3,000,000 acres more are needed to make England self-sufficient. Acting upon such advice, the people are now sparing no effort to

hasten the realization of the day when England will be agriculturally independent. It is interesting to learn that the tradition which our ancient emperors observed in personally visiting the Temple of Agriculture in the spring to encourage farming has its counterpart in the observance of Labor Day by the King of England by planting potatoes in his royal garden.

The same encouragement has also been given by the German and French governments. Germany, since 1915, has loaned to her farmers upwards of 1,500,000,000 marks in bonds, so that her people may be able to enlarge the area of production. In France, the farmers in the war zones have been given agricultural implements, cattle, seeds and fertilizers as inducements for the opening up of new fields. There seems to be a spontaneous concurrence among the European nations in the belief that the opening up of new land or the addition of arable fields is the only solution of the problem of self-sufficiency.

(2) **To increase the returns from the land.** The recent advance in the science of agriculture has made possible a larger return from the soil. The improved methods of fertilizing the soil, selecting seeds, destroying insects, etc., all conduce to increase to quite an appreciable extent the harvest which a given area may yield. Land in Germany was not fertile, but through the application of science she has overcome this natural disadvantage. Figures compiled in the World Almanac of 1913 show that from every acre the German farmers often reaped a harvest which was 12% more than that in England.

America is endowed with 804,000,000 acres of fertile fields which are especially suitable for farming purposes. Through the use of improved methods and skilled labor, the returns from her soil are larger than those of any other country. In terms of money, her farm products in normal years is over 7,000,000,000 dollars annually. Her corn constitutes $\frac{4}{5}$ of the world's produce, her cotton $\frac{3}{4}$, and her wheat $\frac{1}{5}$.

Nor is this tendency of opening up new lands and of increasing the returns of the soil confined to Europe and America. On account of her rice supply being cut off from Anam, Siam and India during the war, Japan has been forced to look for spare lands within her own territory to increase the production of rice. What bread is to the Western world, rice is to Japan. The many rice riots in that country have called the attention of her government to the importance of increasing the supply of home-grown rice, and various ways of effecting this have been proposed. Amongst others land reclamation and the utilization of land now lying waste have been put into effect.

II. The New Industrial Policy.

Essential to the resuscitation and development of the new industries are three vital measures, namely, the regulation of the export of raw materials, the application of science to industry and the coordination of the different industries by government action.

A. The regulation of the export of raw materials. On account of the shortage of raw materials state regulation and control will be necessary for a considerable time to come. Non-interference by governments will be impossible and an international commission must be created to allocate the needed supplies. The economic life of the nations is now so closely interwoven that no country can achieve entire economic independence. Absolute self-sufficiency is more easily realized in theory than in practice. As climate and soil vary with different countries, so no territory can produce things of all kinds. England, despite the fact that her colonies are found in every climate, has yet to look to Chile for fertilizers, and to Russia for petroleum and cotton. America is known to be unequalled in the variety of its material resources; and yet for silk, flax, tea, sugar, tin, rubber and fur she has to depend on other countries for their supply.

Self-sufficiency can therefore be attained only in degree. What a nation can do is to regulate the export of those raw materials which are needed in her principal industries. To illustrate, at the beginning of her participation in the war, America initiated a formidable program of ship-building and had to regulate the export of her steel. On the other hand, Japan was then put to great hardships, for she had long depended upon the United States for the supply of her steel, and the closing of this avenue militated against the carrying out of her naval program. Negotiations then followed and a demand was made by the United States that in exchange for steel, Japan was to build vessels on a ton for ton basis. The same terms of reciprocity were also required of Brazil. In exchange for her coal, the latter must send manganese to the United States.

In short, to conserve and protect what a nation has and with this to secure command of the essential raw materials produced in other countries—this is coming to be an inevitable policy. It is a necessary measure for self-protection.

B. Application of science to industry. Before the Conflict, Germany was the nation who had utilized science to the highest degree. Of these applications her chemical industry was the most successful. Her dyes and medical supplies found their way to every country on the face of the earth. Since the beginning of the war, when she ceased to manufacture these things, the textile and medical worlds have been suffering from the effect of the scarcity of such supplies.

Large sums of money have been appropriated to encourage and promote industrial sciences in the European countries. To show her patronage to the chemical industry, the British Government has even subscribed shares in her dye factories. Such governmental incentive indicates the direction which the application of science has taken.

C. Unification and consolidation of industries. Union is strength, division means weakness. This is true of every human activity and especially true of an industrial organization. The development of industry in Germany came comparatively later than that of many European nations; nevertheless, through government consolidation and coordination, she has outstripped them all in the acceleration of its progress. The two ways which she adopted to unify her industries are (1) to amalgamate similar or inter-dependent industries into one big corporation; (2) to federate or to league them together. Both methods have been tried with success.

England, on the other hand, had long followed a laissez-faire policy of non-interference with regard to her industries. The state did not concern itself with industrial control. Since the war began, however, she has embarked upon a very different policy. A special committee has been created to investigate into the amount of raw materials in store, the total number of experienced and skilled workmen available, and the sum total of important machineries left. The government is now taking into its hands the distribution and regulation of these materials, workmen and machines. It is an urgent necessity in the face of the keen industrial and commercial competition at home and abroad resulting from the limited supply of capital and labor and the high rate of interest on loans. Only unification and coordination can conserve the industrial resources and insure efficiency and success.

Thus Government non-interference has given way to government regulation. There are people who look upon combination as a factor tending to give capitalism an undue influence and ascendancy, thus further complicating the labor situation. This fear, however, is unfounded, for the joint control of an industry or industries means equal rights and powers for the employers and

employees alike. By such an arrangement, harmony is more likely to be expected than discord. We must know that small organizations with limited credit and meagre capital can hardly exist in this world of stern economic competition. Only large corporations with huge capital and unlimited credit can survive in the industrial arena. The realization of this indispensable condition of industrial efficiency and success is dawning upon the nations. They have either to align themselves with this movement or be driven out of the world's market. There is no other alternative.

III. The New Commercial Policy.

As the war has given an enormous impetus to industrial development, the latter in turn begets a stronger commercial rivalry among the nations. Circumstances indicate that a renewed struggle for the markets of the world will follow the termination of the armed conflict. This struggle is going to be even more bitter and severe than that before 1914, and every nation is now preparing for it.

The future commercial policy must be governed by the considerations of economic independence. Towards this end the plan to diversify industries will have to be worked out and many new industries must therefore be started. Now the initiation of a new industry is always attended with many difficulties. An infantile enterprise is generally too weak to hold its own against foreign competition. It must be backed up and protected by the government. Government protection and interference in industry has become a necessity as a means of self-defence against unnecessary economic aggression.

Now what is the principal means which a nation can legitimately employ to protect her infantile and fundamental industries? Without doubt, the weapon is tariff. The question

of commercial policy is largely one of tariff system. The war has brought about a departure in this phase of the commercial policy of the powers. For instance, the idea of tariff duties in the interest of home industries has ceased to arouse the fierce antagonism among the people of England that it once did. The British Government is now revising the tariff system to meet new needs. Up to the outbreak of hostilities there were in England only forty kinds of imported commodities on her tariff schedule. Now she has enlarged this list of goods and caused a general rise in the tax on imports.

Thus Free Trade principles even in the land which first initiated them are no longer allowed to stand in the way of national necessity and advantage.

In America, however, the pendulum has swung from extreme protection to a liberal policy. Her industries are now so well-developed that they do not need government protection so badly as those of other lands. What she is looking for is new markets. She has to revise her tariff system, in order to give favorable treatment to those countries from which she expects to find a welcome and an access to her products. Recently a Tariff Commission composed of eminent economists has been appointed to look into this matter.

Besides tariff revision the nations are also trying to expand their markets abroad. The Chambers of Commerce of America have established a special bureau to look after their foreign trade. In Japan an international Chamber of Commerce has been in existence for sometime; its function is to promote trade with other countries, especially with China and South America.

From the foregoing discussion we can readily see that the principal motive underlying such changes in the commercial policies of the nations after the war is national preservation.

Every state is striving hard to promote its national well-being through industrial development. In this the future peace of the world lies and the welfare of mankind is involved. In this seeds for another war may be sown; and in this, also, the foundation of an enduring peace may be built. It all depends on what attitude the nations will take in working out their economic salvation, whether they are going to have friendly competition or hostile rivalry.



CHAPTER IV.

Educational Reforms after the War.

In the preceding chapters we have considered somewhat in detail the economic changes and tendencies consequent upon the war. Besides in the economic world the effect of the Great Struggle is also markedly manifested in the field of education. The war has forced to the forefront of public attention many educational problems of prime importance. In many countries the change is nothing less than a revolution of the whole system of public instruction.

In the first place, the war has made a record contribution to science, and affords a new encouragement to scientific studies. The many inventions and discoveries in weapons of warfare have opened up new fields of research and application. This, in fact, is the chief reason for stressing and exalting technical education on the part of the nations after the struggle.

In the second place, the raising of the average intelligence of the laborers and the growing of democratic ideas have created a dissatisfaction among them against the old educational system and a demand for more educational opportunities for the poor. Such being the case, it is not to be wondered at that, despite the suspension and retrogression in many fields of human endeavor during the time of hostilities, education has not suffered any diminution in its share of public attention and effort. In fact, just the reverse has happened. Education has never received such an impetus for its advancement as it has from the great conflict. This is well-attested by the educational reforms which were introduced in England and France in the early days of the war. In the thick of the strife, both Governments were far-sighted

enough to increase their appropriations for educational purposes. And we are warranted in inferring that, with the restoration of peace, more drastic reforms will be introduced in this direction.

In the United States education has always been in the hands of the individual states. The central government had never assumed the function of promoting education beyond the gathering of statistics for report. But since America's participation in the conflict, the need of a departure from this established policy has been felt. The war has brought into bold relief the characteristic weaknesses of the American youth, and thoughtful men in that country have deplored the lack of readiness on the part of their young men to rise to the emergency. They are advocating the re-adjustment of the whole educational system to meet the changing situation. Many of them urge that a special board of education be established to administer the educational affairs of all the states, a board similar to the Ministry of Instruction in England, and that an annual appropriation be made from the revenues of the Federal Government to subsidize the educational bureaux in the different states. This proposal was strongly supported by Senator Smith who further suggested that a fixed sum of \$10,000,000 be set aside for the expansion of education. It has also found sympathizers and supporters among the members of the Teachers' Union in America. At a meeting held in Chicago last December, this Union passed a resolution to petition the President and the Senate for the immediate establishment of such a board as above-mentioned

Professor Barclay, of Columbia University, in his book on "American Education After the War" went into a detailed consideration of the defects of the state and municipal educational systems and the need of a special central board to coordinate and standardize them. We thus see that public sentiment is quite aroused on this regard in America and it is but a matter of time that such a proposal will be materialized.

Nor has Germany been blind to the need of such reforms. Even in the midst of war, there was a wide-spread popular demand for the *Einheitsschule* (United School)—a demand supported by many eminent scholars as well as by the vast majority of teachers. There has also been a movement in favor of the so called People's Colleges, the nature of which will be discussed in a later chapter.

Such, in short, is the educational impulse released by the war and such is the resulting tendency. There are four channels along which these educational reforms run, namely, (1) the encouragement of auxiliary education; (2) the furtherance of democratic education; (3) the cultivation of the various faculties of the people; and (4) the practical application of knowledge. We shall take up each topic separately.

I. Auxiliary Education.

We have said in the Introduction that the war has enhanced the influence of the position of the laborers and that as a natural outcome the workingmen are now clamoring for a better education for their children. The keynote of their outcry is equal opportunity. Towards this end, several governments have taken steps to expand their auxiliary education. The principal feature of this movement is the establishment of Continuation Schools.

The reasons for the necessity of establishing such schools are four in number :

a. The great majority of boys from poor families who have graduated from primary schools have no chance to enter schools of higher grade. They are forced by economic pressure to enter early into life to earn a living. When their mind and character are most impressionable and formative, it is very easy for them to acquire bad habits and to fall into the temptations of their

environment. Unless they are given opportunities for intellectual improvement and character-building, they are not likely to develop into useful members of society. According to statistics gathered in 1916 the percentage of juveniles among the criminals in the belligerent nations has increased markedly. This is a symptom of weakness in their educational system. It indicates that something was the matter with the kind of training given to young men. Many people have begun to think that public education must not be allowed to end in the primary schools. The government must see to it that every boy, poor or rich, is given a better chance for his mental and moral development.

b. Evening Schools for the poor, of course, have done something to check the above-mentioned dangers and to meet the inadequacy. But from these alone we can hardly expect much result. The evening is not a favorable time for the intellectual and moral education of the young laborers. The fatigue of the day's work naturally reduces their physical ability and produces a disinclination for mental work. Moreover, as attendance at these evening schools is not compulsory, few boys have a strong enough resolve to continue their schooling in the evening. They are likely not only to forget what little they have learned at the primary schools but also begin to decline, mentally and morally. What then is to be done to relieve such a dangerous situation? To many the establishment of Continuation Schools seems to be the only remedy.

c. As a necessary step towards restoring their industrial machinery and increasing the productive power of their people, the nations have deemed it necessary to encourage technical education. As industry is becoming more and more varied and complicated, the people must be given a better industrial education, otherwise, there is very little hope of their competing successfully in the world's market. The need of producing a

large number of properly trained men for the different industries will help not only in the process of producing and distributing goods, but will also relieve the serious strain which abnormal conditions have placed upon both executives and operatives in industry. And such men can well be trained in the Continuation Schools.

In view of the above, many European Governments have come to realize that free auxiliary education is a pressing need. In England, a bill of forty-seven articles concerning educational reforms was introduced in the Parliament in 1917. One of the articles provides that all boys of fourteen who are graduates of primary schools but who have no means to enter middle schools, will have to undergo a further training in the Continuation Schools, the latter offering a course of study consisting of physical culture, English literature, history, geography, economics and sociology. The main object of this course is to train the boy's mind and to develop his character, so that he may become a useful citizen as well as an efficient workmen. Instruction is to be given in the daytime and every employer must set aside a day, or two half-days, in the week to enable his young employees to attend classes and to afford them sufficient leisure for intellectual pursuits. The same article prescribes that at the end of seven years the age limit shall be extended from 16 to 18.

In France an identical reform has been put into effect. A new statute passed by the Chamber of Deputies not long ago compels all graduates of primary schools to go through two periods of supplementary training. The first period covers the ages from 13 to 17 for boys and from 13 to 16 for girls. The second period is from 17 to 20 for boys and from 16 to 18 for girls. Altogether 200 class hours are required in a year. The course of study consists of the following subjects: French literature, physical culture, geography, economics, commercial science and

agriculture. At the end of the second period, an examination will be held and those who pass it will be considered to have completed their required public education.

In Germany, free supplementary education was introduced as early as 1876 and in 1906 there were already as many as 52 such Continuation Schools. In 1907, the law insisted on every boy and girl completing a course of study covering 8 years. Under the present system, every primary school graduate of 14 or over is compelled to enter the public school to continue his studies for three more years. It is evident, therefore, that the system of Continuation Schools has long been in vogue in Germany.

In the United States, the city of Boston and the State of Indiana have also adopted the compulsory system of Continuation Schools. New York state will soon follow suit. At the annual meeting of the New York Branch of the American Federation of Laborers in New York city, it was voted to petition the state government to introduce the same system. This paves the way for similar petitions on the part of the Labor Unions of other states. And it is but a matter of time when pressure will be brought to bear on all state governments to carry out this item of educational reform.

II. Democratic Education.

Democratic education is based upon the principle of democracy and equal opportunity. One of the epoch-making effects of the World War has been the overthrow of autocratic and bureaucratic governments and the substitution of the rule of the people. Never before in history have people been so awakened to their possibilities of development and the significance of self-government. Especially is this true with laborers. They are beginning to realize that in order to play a more influential role in the body

politic, they must first of all enlighten themselves and their children. On this account, they have become quite alive to the need of education and the necessity of democratizing their educational system. The consensus of opinion of the educators of to-day is that workmen must not merely be given a technical training to enable them to take their places as wage-earners, but also be offered opportunities for the development of their mind and character, so that they may become self-governing citizens worthy of a civilized society.

In 1907 representatives of the Labor Unions and of the Universities in England met at Oxford and created a committee having for its object the establishment of a college for laborers resembling the People's College in Germany. In the autumn of the same year, two such colleges came into existence. Since then, other higher institutions of learning for workmen have sprung up as quickly as mushrooms. So much so, that in 1914 before the opening of hostilities there were no less than 145 colleges for the common people. During the war, the rank and file of the students of such institutions were of course depleted by enlistment for service. But as soon as the Armistice was declared and soldiers gradually released from service, the number of students enrolled in these colleges has increased to a figure higher than it was before the war. The reason for this increase is not far to seek. The British Government has felt deeply concerned over the serious situation caused by the large number of unemployed soldiers and she has found it necessary and expedient to send many of them to these institutions. Hence the marked growth in the number of laborers matriculated at these colleges.

In this connection, it is appropriate to give a few words of explanation on the organization of these colleges in England. Each of them is affiliated to a university. Its management is in the hands of a board of control consisting of representatives from

both the Labor Unions and the affiliated university. A part of the financial burden is borne by the Ministry of Instruction and the remainder raised by the university and the Labor Union. The subjects in the curriculum include economics, philosophy, psychology, history and literature. Every wage-earner, irrespective of sex or age, may be admitted. No entrance examination is required and no diploma given. The term extends from October to April and the course is of three years. Altogether 24 class periods are to be held in the year. Each period consists of two hours; one to be devoted to a lecture by a professor and the other to discussion on the topics of the lecture. The most notable feature of these schools is the spirit of self-government which has developed within them. This alone would be a sufficient justification for their existence and a proof of their value.

The organization of the People's Colleges in Germany, however, is a little different from that of the colleges for workmen in England. In the first place, they are not affiliated with universities. They are generally situated in some scenic spots in the suburbs of cities, so that they may be within easy reach of factories and business centers. By establishing them in places unpolluted by the influences of industrialism, it is believed that much greater results can be obtained than through the media of pure continuation classes. Emphasis is laid upon such subjects as history, literature, social reform, ethics, philosophy and religion (in the widest sense of the term). Scholars of note are invited to deliver lectures. The length of the term is from April to June. During that time, laborers can have a chance to escape from the noise and bustle of the city and the dirt and dust of the factories, in order to enjoy the beautiful scenery as well as throw themselves at the feet of the best thinkers and scholars of their country. Such opportunities will go a long way towards increasing the breadth of vision and developing the personality of the laborers.

The purposes are moral and spiritual rather than utilitarian or intellectual. It is also designed to train a nucleus of workers who will return to their own class endowed with fresh capacity and insight with which to assist their comrades to solve their own problems. The zealous believers and supporters of this scheme formed a committee in September, 1918, to push forward the movement and to proceed with the establishment of more of these institutions. Among the members of the committee are many influential people of the educational world.

We thus see that the movement for giving more educational opportunities to workmen has made a good beginning and it bids fair to spread over not only England, France, Germany and the United States, but also other countries in Europe.

Besides these innovations, there is another notable feature of the educational reform in Germany—the Winter Schools. These are somewhat identical to the summer schools in England and America. The purpose for their existence coincides with that of the People's College. While the People's College affords laborers facilities for intellectual improvement during their summer vacation the Winter College exists for the benefit of young agricultural workers and others in the country who have a good deal of free time in the winter. They are concerned entirely with cultural work. The subjects taught embrace poetry, drama, philosophy, history and religious problems. In some of these Colleges, the religious influence is especially strong, as many of the Protestant pastors are keenly interested in the movement. In Liebenzwill, a town 20 miles west of Stuttgart, a residential college on these lines was started last winter. It is probable that institutions of a similar character would be established in every province in Germany.

III. The Cultivation of the Faculties of the People.

So far we have been concerned with the methods of popularizing and democratizing public education, which aims to bring within the reach of all citizens opportunities for intellectual and moral enlightenment. We shall now enter into the aims and objects which have prompted these reforms.

The two main educational aims that have been particularly stressed are the cultivation of the varied faculties of the people and the practical application of knowledge.

In this world of complex civilization, the strength and stability of a nation depend on its people, not only in time of war when they could be summoned to defend their country, but especially in time of peace when their varied faculties must be called forth to promote her industries and commerce. To enrich their mother-country and to enable her to compete successfully in the world's market, and above all, to make it self-sufficient—these are requisites of self-preservation. Nations have begun to see that self-preservation demands not only that they should cultivate those faculties and talents which are so varied in human individuals, but must also develop all the essential faculties which tend to promote national well-being and prosperity. Not to lay undue stress on some, but to lay equal emphasis on all is one of the primary objects of educational improvements in Europe to-day.

The people of England have for centuries upheld and enjoyed political liberty and freedom. For this reason, before the war, the system of national conscription, while adopted by many nations on the Continent, had never found favor with her people. Not until she was in the thick of the Great Strife when her formidable enemy were nearly at her doors did she realize her great handicap in military training. It was only after the earnest appeal of the King and the pathetic exhortation by the Chief of the Recruiting

Bureau that the government dared contemplate the promulgation of the Order which provided compulsory enlistment. The war took England almost by surprise and as a result the new recruits showed evidence of lack of preparedness for service. For a time the British high military officers were confronted with serious difficulties in exacting from the new recruits prompt obedience and respect for authority. It is a bitter lesson to the English people. Men of serious thought and far-sightedness in their country have come to conclude that when reconstruction is under way, the English system of education must be so revolutionized that it will be adequate to meet the needs of self-protection. The English youths must be taught in schools the necessity and expediency of obedience and respect for authority, so that when they are called upon to perform military duty in time of national emergency, they may not be found wanting in the struggle for existence. The neglect of military discipline has already entailed untold sufferings on their own people, and they do not want to see the same bitter experience repeated. This determination may be gathered from the proposal of the Minister of Instruction who strongly urges that means be devised to remedy and safeguard against such dangers of unpreparedness in the future. Readiness to fight does not only involve wealth and population but military training as well.

Japan is one of those nations who have early awakened to this need. She has realized that to bring about victory in modern warfare, military training must be introduced into her schools. Ever since the reformation of Meiji, she has spared no effort in building up an army on modern basis, and she is wise enough to have laid emphasis on the morale of her soldiers. Her victory over the Russians has elevated her to the rank of a world power and furnishes a standing proof of her superiority and efficiency in this regard.

Nor have the Powers overlooked the indispensability of scientific devices as a means of military success. The aeroplane, the submarine, the howitzer, the tank, the bomb, the poisonous gas, the machine gun, the gas mask and other military weapons were not possible, were it not for the fact that the belligerent nations had long given themselves to scientific researches along these lines. Even in time of peace, the development of industrial arts and the manufacture of commercial commodities owe much to the inventive genius of the people. Such genius can only be nurtured when there are technical schools and laboratories to offer facilities for those who have a technical turn of mind. That is the reason why the nations are now giving more encouragement to scientific investigations. Many chemical laboratories have been established and many scientific exhibits organized. Even Japan has appropriated 30,000,000 yen to subsidize the different laboratories and to finance such exhibits within her own borders.

America no longer despises military science and training. As has been pointed out in the introduction, she has already made this compulsory in her schools. In Germany on the other hand a more pacific policy is adopted. She has come to learn that to rely on military efficiency alone is not sufficient to sustain her national existence and she is now turning her attention to the advancement of her economic and diplomatic interests.

In this connection, a very interesting question presents itself : Why is it that America, which has been a pacifist nation, now imposes military training on her students, while Germany, a nation which has long been animated with bellicose designs, now encourages the study of economics and diplomacy? The explanation can only be found in the fact that, in order to maintain national integrity and strength both in time of peace and in time of war, a nation must not only be able to take care of herself in one or two respects, but in as many respects as possible. It admits of

little doubt that one of the prevailing educational policies of the world to-day is to develop the varied faculties of the people. The industrial and commercial competition in time of peace and the scientific methods of fighting in time of war both make the adoption of this policy an imperative necessity. The fittest to survive in the world of to-day is the nation whose citizens are gifted not in one essential feature of greatness or strength, but in all features which are needed to enable them to meet successfully the various emergencies arising from the changing conditions of the world.

IV. Emphasis on the Practical Application of Knowledge.

We have dwelt on the growing tendency in Europe to-day of emphasizing the cultivation of the varied faculties of her people. Now, what kinds of faculties are to be developed? What sorts of talents are to be cultivated? The answer is simple. Those qualities which can stand the test of practical application are to be fostered; those which do not directly contribute to the strength of the country are not to be given undue stress. For instance, ancient classics have been a time-honored subject in all old English colleges. Oxford, Cambridge and other ancient universities have long required of their students a knowledge of Latin and Greek. These languages, dead though they are, have no doubt a cultural value, and no one ever questions their worth as a means of disciplining the mind and refining the spirit. But to the average student these studies are of no immediate practical value. They do not fully repay the time spent on them. They have no direct bearing upon daily life. Why, then, should students bestow so much of their time upon these ancient languages to the comparative neglect of modern subjects?

In England, public disapproval of laying too much emphasis on classical studies is becoming more manifest every day. There are signs that the old conception of education as dealing largely with the past is slowly vanishing. This is certainly an indication of progress in English Educational thought. In America this movement has gone even farther. Many educators are clamoring against the prevailing method of studying history. They advocate that the student should begin with current history, then with the medieval and finally with the ancient, thus completely reversing the prevailing method. Of the three parts, ancient history has the least practical bearing on modern life, while modern or current history is vitally connected with present day events. Current history being nearer to our times is more interesting to the student. Therefore, there is no reason why he should be made to acquaint himself first with dry facts of the past whose significance he could hardly grasp, while the more immediate events should be left to be learned at a later date. The logical order is from the immediate to the remote and from the interesting to the uninteresting, although the truth of this fact has not been appreciated till recently. It is of vital concern to the welfare of a nation that her citizens should have a clear understanding of the march of events in the world so that they may the better realize their position as citizens of their own country, and thus contribute intelligently their part in shaping their national destiny.

The same method is also followed in the study of physics and chemistry. Instead of starting with general principles and hypotheses, the student is taught first the making of matches, soap, and other necessities of daily life, so that his curiosity in the practical application of the sciences may be enkindled before he comes to physical laws and phenomena. Dr. Dewey who is now lecturing in China under the auspices of the Peking Government University also heartily endorses this procedure. In his lectures

delivered in the different educational centers, he has invariably laid stress on this point.

France has now established a special university for the study of applied sciences and the making of researches, although Germany and Japan, both staunch believers in materialism, have, of course, not been slow in bringing about similar changes in this field of educational endeavor.

All these concur in establishing the fact that the new educational movement tends to the direction of the practical application of knowledge. Knowledge is infinite, but the time and energy that a man command is finite. New ideas are evolved every day. It is therefore necessary for a person to confine his efforts to practical knowledge rather than to theoretical studies.

The four features of educational reforms discussed in this chapter, viz., supplementary education, continuation schools, emphasis on the cultivation of the varied faculties and on the practical application of knowledge converge on one goal, namely, the strengthening of the intellectual and moral capacities of the people to meet the world situation. The people must be so trained in mind, in character, and in action that when the next emergency arises they would be ready for it instead of being surprised by it; for unpreparedness was one of the bitter lessons that the belligerent nations have learned from the war and they must now spare no efforts in pushing forward such reforms as will better ensure their chances of success and victory in a future conflict. And of these reforms education is one of the prime features. Therefore, to preserve national integrity and to promote national welfare is the fundamental objective of the new educational movement.

PART II

CHINA'S PAST AND PRESENT

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CHAPTER I.

Ancient Culture and Economic Organization.

Having outlined the post-bellum reconstruction policies of the nations in the West, we need to consider the conditions of our own country both in the past and at present in the hope that, from the experiences of others and those of our own, we may improve our position in the family of nations. Possessed of one of the oldest of living civilizations and being the most thickly populated country, China deserves a prominent place in this house-hold. Two at least of her national characteristics are generally admitted—namely, the virtues of her people and the early development of her agricultural system. The first ensures the stability of the national foundations, and the second the prosperity of the country. Hence both have consistently been emphasized in the nation's long history. This conception of state as being founded partly upon the morals of the people and partly upon the wealth of the nation finds a parallel case in the West of to-day in the simultaneous development of industry on the one hand and of education on the other.

I. National Characteristics of the Chinese People.

It is said that the Latin race is generally intelligent, while the Saxons are reserved and the Germans brave and warlike. The Chinese on the other hand are known for their moral virtues. From time immemorial they have been taught to be benevolent, to be loyal and sincere, to be industrious and frugal. But the principal note sounded by all Chinese philosophers and ethical writers is invariably that of Benevolence. From this all-embracing word have been derived precepts governing all the relations of the

individual to his kind and our literature is full of references of this nature. For example, Confucius says, "No benevolent man ever neglects his parents. When a benevolent man wishes to establish himself, he seeks also to establish others; when he wishes to edify himself, he seeks also to edify others." "He who practises benevolence is fit to rule an empire." Then there are other characteristic sayings of which a few here are given, such as, "those who are aged should be cared for until their dying days, while those who are able-bodied should be employed to good purpose, and the young should be helped to grow naturally. If there is a surplus of commodities, it should not be hidden in the ground but distributed or sold to others. And if there is a surplus of strength and wealth, it should not be wasted on one individual, but made use of to alleviate those who are in need." And as if in anticipation of the modern doctrine of democracy and republicanism, our sages early enjoined that the country is the property of the public which should be administered only by the virtuous and able.

Concerning loyalty both Chinese history and Chinese literature are full of examples. In fact, Chinese devotion to public duty is as intense as the Western form of patriotism. To illustrate: When Emperor Yu, who afterwards became the founder of the Hsia Dynasty (B. C. 2205-1783), was commissioned to control the great flood of the Yellow River—since then known as "China's Sorrow"—he began his arduous labours four days after his marriage. For eight long years he kept faithfully to his work, and although he thrice passed his own door and even heard the wailing of his own child, he never did once enter his house until his task had been completed. This is not the only case where one entirely forgets one's personal interests in the performance of public duties. Chinese history abounds with instances of persons who even preferred to die with their sovereigns rather than live in dishonour.

As regards the people's frugality and industry, they are well known to Western observers. The Chinese are patient, industrious and self-denying to a degree almost inconceivable to those who do not come in contact with them.

Such virtues as benevolence, loyalty, frugality and industry, for which the Chinese are well known, have come to exist through long continued cultivation. According to the early educational system in the time of the Chow Dynasty (B.C. 1122-255) there were four colleges, situated respectively in the centre, north, east and west. Below the colleges were the common schools which were scattered all over the country. Every boy, from the highest to the lowest in the land, on attaining his eighth year, must enter the common school, while sons of the Emperor and the officials, and youths from commonalty of intellectual ability, on attaining their fifteenth year, must enter a college, thus anticipating the modern system of compulsory universal education practised in Western countries. In the common school the student was taught to distinguish between various objects as to their quality and value and also to clean and sweep floors—the underlying motive being to inculcate the virtues of thrift and industry. In the college he was taught the six virtues and six arts—the object being to develop the virtues of loyalty and benevolence. (The six virtues were: wisdom, benevolence, magnanimity, righteousness, loyalty, and harmony. The six arts were: law, music, archery, horsemanship, word study and mathematics.) He also learned to be sincere and truthful, and to love all his fellow-beings. In a word, moral virtues were held up to greater esteem than mere physical prowess.

In later periods, in spite of minor changes, the importance of moral virtues continued to be stressed upon. For instance, during the most flourishing period of Tang Dynasty (627-650 A.D.), the Imperial Academy of Learning, known as Kuo-tzu-chien, was composed of four collegiate departments, in which ethics was

considered as the most important of all studies. It was said that in the Academy there were more than three thousand students who were able and virtuous in nearly all respects, while the total enrolment, including aspirants from Korea and Japan, was as high as eight thousand. At the same time, there was a system of "elections" through which able and virtuous men were recommended by different districts to the Emperor for appointment to public offices. College training and local elections supplemented each other, but in both moral virtues were given the greatest emphasis.

Although the Imperial Academy exists till this day, it has never been as flourishing as during that period. For this change the introduction of the competitive examination or Ko-chü system, must be held responsible. The "election" system furnished no fixed standard for the recommendation of public service candidates, and, as a result, tended to create an aristocratic class from which alone were to be found eligible men. Consequently, the Sung emperors (960-1277 A.D.) abolished the elections, set aside the Imperial Academy, and inaugurated the competitive examination system in their place. The examinations were to supply both scholars and practical statesmen, and they were periodically held throughout the later dynasties until the introduction of the modern educational régime. Useless and stereotyped as they were in later days, they once served some useful purpose. Besides, the ethical background of Chinese education had already been so firmly established, that, in spite of the emphasis laid by these examinations on pure literary attainments, moral teachings have survived till this day in family education and in private schools.

II. Early Development of the Agricultural System

Invented by Shen-nung, one of the emperors of the Legendary Period (B.C. 2852-2355), who is now worshipped as the "God of Cereals", Chinese agriculture is easily the oldest of the whole

world. This is due, in the first place, to the geographical conditions of the country, and secondly, to our forefathers' ability in fully utilizing the soil and the streams. Being born at places along the Yellow River Valley, the early rulers of the Chinese race established their capitals on its banks. Gradually they moved from west to east, displacing the aborigines as they went, and settling down in regions fit for agricultural purposes. Chi-shan, where Shen-nung first planted cereals to feed the people, was a hill which lies in the suburbs of the modern Chi-hsien, Honan, also in the Yellow River basin. It was not until the reign of Huangti that the Yangtze River was discovered. That great emperor, sailing along the eastern sea coast, came to the mouth of the river, and thence he explored the whole valley up to the Kunlun Mountains. As both river valleys contain fertile plains suitable to farming, it was only natural that our forefathers early gave up their nomadic life and applied themselves to agricultural pursuits.

According to modern geologists, the two coasts of the Atlantic are rich in coal and iron, while those of the Pacific are adaptable to farming and pasturage. Hence manufacturing industries prospered earlier and better in the former regions, and agriculture in the latter. Of course such advantages are only relative, as it is generally known that China is equally rich in mineral resources, but this theory is sufficient to corroborate our statement that the geographical conditions of our country are favorable to agricultural development.

Important as are the natural advantages, ability to utilize them is equally necessary. The emperors Shen-nung, Hou-chi and Yü all devoted themselves to the study of the nature of plants and minerals, and particularly of the soils. The Chapter "Yü-kung" in the Book of Anecdotes contains a complete account of the different kinds and grades of soils in the "nine districts" under Emperor Yü's rule, and may be considered as the earliest treatise

on geology ever compiled by man. Similarly, the book "Peng-tsao," edited by Shen-nung, telling all about the nature of the flora and fauna found in China at that time, as well as of many kinds of minerals, may be taken as the first book of natural history, although it has also been used by us as a medical treatise. It is therefore quite true to say, as some historians have said, that the development of natural sciences in China has always been connected with the practical art of land cultivation.

Furnished with such valuable handbooks as a basis to work upon, the later scholars and statesmen began to make more careful investigations and promulgated special regulations for the raising of agricultural products. For that purpose land was divided into five main classes, with many minor subdivisions, and their adaptability to different kinds of products was pointed out to the people. There were officers whose duty it was to analyze and determine the nature of soils, to conserve forests and game, to prepare maps of hills and streams, and to collect and study the native products of particular districts. As to the value of water for irrigation, the philosopher and statesman Kuantzu has made a most exhaustive analysis of it as it was found in the different parts of the country. At certain places the water was suitable for irrigating one kind of soil and growing one kind of product; at others it was good for another set. Historical evidences are not lacking which show how such knowledge of irrigation was utilized to reclaim waste lands and make fertile plains out of them. Thanks to such measures carried out thousands of years ago, we find now more than five million people reaping rich harvests in Szechuen, one of the many regions reclaimed by irrigation.

Another result of the early development of irrigation systems is the construction of the Grand Canal, one of the two greatest engineering feats of China. The Canal served to irrigate the provinces through which it passed, while at the same time

facilitating the transportation of rice to Peking, the city where the Central Government has had its seat ever since the times of Kublai-Khan. All the way from Tientsin southward to Hangchow, there is not a piece of land along its two banks which is not covered with tea, flax, or mulberry. Everything possible was done to develop the farming industry, both by the people and by the Government. Even in making the calendar, many dates are selected by the Government astronomers for their suitability to certain kinds of farming operations, and these are every year made known to the people. "Farming time" has always been duly respected, and no farmer may be made to work elsewhere when he is busy with ploughing or harvesting.

As to the landholding system, it has a very long history and cannot be dealt with in a small book like this. Summarizing its development as concisely as possible, we may roughly distinguish between two periods, and draw the line of demarcation at the end of the Chow Dynasty (1122-221 B. C.). Previous to that, the common field system was prevalent. A square piece of land, of varying sizes during different dynasties, was usually divided into nine fields, and given to eight families to till. The field in the center was generally reserved for the King or the feudal lord, as the case might be. An adult male would receive one of these fields from the Government when he was twenty years old, and he must return it at the age of sixty. In return for this privilege he had to pay to the government one-tenth of the produce of his land, according to the laws of the Hsa Dynasty (2205-1783 B.C.), or work part of his time on the field reserved for the Government, as was the case with the Yin Dynasty (1783-1122 B. C.) During the Chow Dynasty, both of these plans were in use, the former for lands farther away from the seat of government, and the latter for those nearby. The size of each of the nine fields was 50 *mou* during Hsa Dynasty, 70 *mou* for Yin, and 100 *mou* for Chow. As a *mou* is only about one-sixth of an acre, the average holding was therefore quite small.

The above system was practicable when new land was continually being discovered, at a rate faster than, or at least equal to, the rate of increase in population. But towards the end of the Chow Dynasty (221 B.C.), such land became hard to find, as the people grew in number and pushed towards the seacoasts in the east and south, and the arid regions in the north and west. Consequently, it was necessary to abolish the common field system and adopt enclosures. Public land, once given to an individual, became forever his private property, and between the holding of one man and those of others there were fixed boundary lines, so as to avoid confusion and dispute. The smallest holding given to any individual was to be 20 *mou*, according to the laws of the Tang Dynasty (618-907 A.D.) The enclosure system was then made perfect, although from time to time public lands were still given out to men who came of age after the first distribution. But this practice was later given up and sons must work on their father's land until it was bequeathed to them at his death.

At the same time the system of taxation also underwent some change. Instead of mere conscription of labor or taxation of one-tenth of the yield, three kinds of contributions were demanded of the farmers. They must hand over to the government a fixed part of the produce of their land; they must work a certain number of days for it; and finally they must also contribute to it some of their manufactured goods, such as silk, cloth, etc. These were known as "Chu", "Yung" and "Tiao", respectively, and detailed accounts of them as well as of the amounts of land enclosed were kept by the village elder, and reported through the magistracy and the district to the Central Government. Estimates of contributions of the following year were also made and published before their collection at the gates of the cities or on the "pailous" of the villages. Thus the plan approximated the foreign budgetary system, and had all the advantage pertaining to

publicity of accounts. Where the crops were damaged by flood, drought, frost, or insects, the Government also had a fixed schedule of exemptions.

Such was the system of the Tang Dynasty. It has later gone through many modifications but the general principle of private property in land remains until this day. During the Sung Dynasty (960-1277 A.D.) land was classified into five kinds, and contributions from them under four items. The Mongols (i.e. Yuan Dynasty, 1277-1368 A.D.) again modified that, and provided for different kinds of taxes in different provinces and districts. That plan was in a general way followed by the succeeding dynasties (Ming Dynasty, 1368-1644 A.D.; Manchu Dynasty, 1644-1911 A.D.), which explains the fact that there are at present so many different kinds of lands and so many ways of taxation as to make the Chinese land tax the most complicated system of taxation to be found anywhere in the world. Time and again the private lands were measured and a new census was taken, but throughout our history there have been very few exceptionally large landed estates.

From the above survey it is plain that our agricultural system has from the earliest times encouraged small holdings. Coupled with that is the traditional plan of inheritance, which gives the sons equal shares of the father's estate, thus making the holdings smaller and smaller as generations followed one another. The lack of large scale husbandary and of improved mechanical appliances may have limited certain possibilities of development, yet it has at the same time done away with great inequalities of wealth. In the absence of a class of landed aristocracy, there has been less cause for social discontent. In this way, our agricultural system has remained to this day the basis of our social and economic organization.

Having such national characteristics and such a stable economic foundation, China ought to be well qualified for the great task that lies before her. Yet, in the opinion of some, the emphasis on moral education has developed an idealistic civilization at the expense of materialism and the study of useful sciences, while for the lack of manufacturing industries, the age-long agricultural system must be held responsible. To this idea we agree only in part. We fully realize that China must not be satisfied with what she already has, but should learn from the West what she does not possess. Still we must admit that our moral doctrines and our agricultural system form a good foundation upon which to build the superstructure, although they may not be taken for the structure itself. Similarly, although spasmodic discoveries in the sciences of sound and light, medicine and chemistry, as well as primitive methods of mining and metallurgy, may not be compared with the systematic researches in modern sciences, they should nevertheless serve to encourage us to accomplish better results. There is no reason whatever that our historical development should disqualify us for future progress. On the contrary, it should stimulate us to action when we know what our forefathers have done in their world of isolation, and how rich a bequest they have made to us in culture, in economic organization, and in natural resources. When this idea is properly understood, the trouble we take in repeating our ancient economic and educational history would not have been in vain.

CHAPTER II.

Arts and Resources

Having outlined the nature of China's civilization, we may proceed to study its arts and natural resources.

I. Arts

Political science is a time-honoured subject in Chinese literature. The entire Chinese Classics may be described as so many text-books on the theories of government. In our previous chapter, we indicated that moral education was the first and foremost thought with ancient Chinese philosophers. All writers urge their rulers to administer a virtuous government. For if the prince is virtuous, his courtiers will also be virtuous, and the country will be well governed. Otherwise, there will be all forms of maladministration; the people will be the greatest sufferers; and when they cannot suffer any more, they will rise up with a vengeance. So it is to the interest also of the sovereign himself that his government should be clean and beneficent.

Economics was early taught as part of the theories of wise government. Such principles as the greatest good to the greatest number, equitable division of wealth, careful adjustment of supply to demand, conservation of economic resources, and proper regulation of production, consumption and distribution were all anticipated two scores of centuries ago. Moreover, the teachings of Kuantzu in many respects might be compared with those of Frederick List; the practice of making advance estimates of public revenues in the Tang Dynasty resembled the modern budgetary system; the lending of funds by the people of Chi to their feudal lord anticipated the domestic loan practice of to-day; while the arguments offered by Yen Chi-tui of the Pei-Chi Dynasty (A.D. 479-502) were not unlike those in favor of tariff

barriers advanced by the protectionists of the West. Many, many such instances may be quoted, but the above few will suffice to show the development of economics in our country.

Another great subject of Chinese learning is law. In the Book of Changes we find some of the earliest dissertations on this subject. Written codes were published as early as the Yu Dynasty (B.C. 2255-2205), while in their administration in the Chow Dynasty, special emphasis was laid on equality before the law and the independence of the judiciary department. Hence, imperfect as it is in the eyes of present day jurists, the Chinese system is yet accounted one of the four principal legal systems of the world.

In regard to military science, the earliest details of military organization almost left nothing to be desired. In the time of the Chow Dynasty (B.C. 1122-255) an army division consisted of 12,500 men, and this number is approximately the size of a Chinese army division to-day. Every able-bodied man was liable to military service for a definite length of time, and the age limit was between twenty and sixty. In strategy the tactics of Sun Wu and Sze-ma Jang-chu have hardly been equalled, and no less eminent a tactician than General Hindenburg is said to have modelled his campaigns in East Prussia after he read the writings of Sun Wu in German translation. During the Great War which has just ended, the Allied Governments were continually worried over their supply of men, munitions and money on the one hand, and the lack of enthusiasm among their people as well as the successes of the enemy on the other. Yet two thousand years ago, Kuan-tsu taught that to carry on a successful war, wealth must be accumulated, labour must be coördinated, munitions must be prepared, officers must be selected, troops must be trained, the staff must be informed of every nation and people, and the commandant must know the proper time for every move.

So much for the "liberal" arts which are concerned principally with the government of a country. As to technical arts, we have already said that China developed the farming industry at a very early date. In Europe the progress of civilization was marked by the stone age, the bronze age, and the iron age, whereas in the Middle Kingdom the milestones were the animal age, the vegetable age and the mineral age. For at the very beginning of China's history, the people were nomads; hence their implements were made of the bones of animals. Later when farming was inaugurated and lands were reclaimed, wooden implements came to be used. Still later Sui-jen, one of the early kings, invented fire, and clay and porcelain wares were introduced. Finally in the time of Emperor Huang-Ti (B.C. 2697-2597) metal utensils were used.

All this happened twenty-five centuries before Christ. Accordingly China enjoyed great prosperity long before modern nations of Europe saw the dawning of civilization in their land. The wife of Huang-Ti first taught the people to rear silk worms and weave silk textures. Then came the inventions of spinning and weaving cotton and woolen textures, the art of writing and printing, the mariner's compass, the manufacture of gunpowder, etc. Extensive development became the established order, and to this day such engineering feats as the Great Wall and the Grand Canal, and such industries as ceramics and lacquer ware are esteemed all the world over. In addition, musical instruments and astronomical instruments were early invented; painting and sculpture also flourished. Rich wines were manufactured and the medicine man practised his skill. Finally, certain theories of sound, light and heat, as well as certain principles of chemistry, physics, mathematics and astronomy were also studied and understood.

II. Resources

It is said that phosphorous is found only in cold regions, rubber in tropical climates, and precious stones in high mountains. This is because of climatic and geological conditions. Accordingly, rice does not grow in England, nor the mulberry tree in Germany, nor cotton in Japan. Also Germany does not abound in copper, nor Italy in coal, nor Japan in iron. Yet China alone seems to be most favored geographically as well as geologically.

Bounded on the east by the ocean and on the west by high mountains, the country is intersected by large rivers. The plains are fertile and the climate is genial. Within thirty degrees of latitude and forty-five degrees of longitude, or a total of four and a quarter million square miles, the supply of natural resources is veritably inexhaustible. Bears, sables, foxes and otters are found in Mongolia and Manchuria, whilst cocoanut and rubber trees have recently been grown in the southernmost part of China. Experts, for example, estimate that there are no less than fifteen thousand varieties of vegetation in the country, and Shansi Province alone is believed to contain enough coal to last the whole world a thousand years. Here we will survey the resources of China under the two heads of agricultural and mineral products. Under agricultural products we will mention rice, wheat, beans, tea, silk and cotton; and under mineral products, metals like gold, iron, copper, tin, tungsten, antimony, silver, mercury, lead, manganese and molybdenum, as well as non-metals like coal, petroleum, alum, soapstone, asbestos, and gypsum.

Rice abounds along the Yangtse valley and wheat along the Yellow River valley. According to the latest statistics compiled by the Ministry of Agriculture and Commerce, there are altogether 580,000,000 *mou* of land cultivating rice and 370,000,000 *mou*

cultivating wheat—one *mou* being equivalent to one-sixth of an English acre. South of the Yang-tse, the paddy fields produce two crops a year; so on an average the annual production of rice is no less than 1,200,000,000 piculs—one picul being equal to one hundred catties, or 133 and $\frac{1}{3}$ English pounds—and that of wheat no less than 300,000,000 piculs. Rice being the staple food of the people, the consumption per capita of China's four hundred millions may be put at two and a half piculs per year—thus leaving two hundred million piculs for the manufacture of wine and spirits, confectionery, and the feeding of domestic animals. This is barely sufficient for the country's needs and accounts for the statutory prohibition of rice export to foreign countries. On the other hand, wheat is being exported in increasing quantities, and on an average the export total is now as high as two million piculs a year.

Beans are produced chiefly in Manchuria, although they are no less plentiful in Hupeh, Hunan, Kiangsu and Chihli provinces. During the last decade, the trade in beans has suddenly risen to great prominence, and now the annual export total is almost ten million piculs—being rated as the second most valuable export of the country. In the opinion of Mr. Julean Arnold, the United States Commercial Attaché in China, our beans form one of the world's seven leading commercial commodities, as even in 1917 its export trade totalled in value sixty-three million Haikwan taels. This product is useful indeed: it can be eaten as food, the extracted oil can be manufactured into soap, and the pressed cake into fertilisers. If we include peas also in our computation, then the annual production of peas and beans is at least one hundred million piculs.

As is well known, tea and silk are two of China's staple exports. Tea is of many varieties, black tea and green tea, tea bricks and tea leaves. It is grown principally in Fukien, Che-

kiang and Anhui, although it is also raised in large quantities in Szechuan and Hunan. The P'u-erh tea of Yunnan, for example is famous also for its medicinal properties. In former years our tea practically monopolised the world's market, the export figure for 1886 running up to three hundred million catties out of a total of five hundred million catties representing the world's annual demand.' Since then, owing to keen competition from the teas of India, Java, and Japan, the figure has declined to 160,000,000 catties exported and 630,000,000 piculs produced. On the other hand, Chinese tea, unlike foreign tea which loses its flavor soon after immersion in boiling water, is more lasting. For this reason, it is still preferred by tea lovers in certain quarters, and when scientific methods of cultivation and curing are introduced, and when Chinese tea-growers unite themselves together for mutual co-operation and improvement, it will not be long before Chinese tea will again resume its former predominant position in the world's market.

Fifty years ago, China's silks supplied the greater half of the world's demand. Since then, owing to improved methods of cultivation and scientific breeding of silk worms, Japanese and Italian silks have become formidable competitors. At present Japan produces 28 per centum of the world's supply of silk; China, 27 per centum; Italy, 25 per centum; Greece, France, Turkey and India, the other 20 per centum. Fifty years ago, the total production of the world did not exceed nine million kilograms, whereas now it has risen to twenty-four million kilograms, the total consumption being only two million kilograms less. Despite such circumstances, it is nevertheless satisfactory to note that the value of China's silk export has risen from Tls. 30,000,000 in 1876 to Tls. 70,000,000 in recent years—namely, one-fifth of the total export trade.

Next to India and the United States, China is now the largest cotton grower in the world. At present, the plant is not scientifically cultivated; hence the supply is insufficient to meet even the internal demand. Although in recent years the export of raw cotton has increased from eight or nine hundred thousand piculs to one million and three hundred thousand piculs, the yearly import of cotton goods is far from being inconsiderable. In 1918 cotton goods constituted one-fourth of China's total imports, the value being Tls. 150,000,000; and of this total, at least one-half was cotton yarn. Thanks to the gradual appreciation of its importance by the Chinese people, and the new methods introduced to improve cotton cultivation, as well as the erection of more cotton mills and the purchase of modern machinery for the purpose, the future of the cotton outlook in the country is indeed bright.

In addition, the following products are not less well-known:—the sesamum seeds and tobacco leaves of Honan and the northern part of Kiangsu; the sugar-cane and camphor of Fukien and Kwangtung; the peanuts and cereals of Chihli and Shantung; the hemp and medicinal herbs of Yunnan, Kweichow, Szechuen and Shensi; the bean and peanut oils of Manchuria; the wood oil of the south-western provinces, etc. Thanks to the abundant supply of rainfall, there are thousands of acres of virgin forests in Manchuria, in the northwestern provinces, in the southwestern provinces, as well as Hunan, Kiangsi, Anhui and Fukien—forests of pine and cypress, poplar, elm and fir trees, etc. Unfortunately many of the hillsides have been denuded, owing to various reasons, and disastrous floods have been frequent. Recently, however, afforestation has been promoted and more attention is being given to the preservation of the rich forests.

Moreover, there is an abundance of livestock and poultry and their products are by no means unimportant. For example, the wool of the northwestern provinces, the hides of Shantung and Honan, and the egg products of various provinces—these on an average realized between 1916 and 1918 a total export value of Tls. 50,000,000. If scientific methods of breeding and rearing should be introduced here as elsewhere, the results will doubtlessly be much better.

As regards mineral resources, iron and coal are now of course the most important, being indispensable for industrial development. Both of these minerals were mined at an early date in China. Two thousand years ago, Kuan-Tsu, a well-known scholar, declared that China had 5,200 valuable mountains, 5,609 of which contained iron in abundance. Coal was discovered later, during the Han Dynasty (B. C. 206-A. D. 25); yet even now its precise supply has not been scientifically ascertained. An American expert estimated this supply at one hundred billion tons; a Japanese expert, seven hundred billion tons; whereas Richthofen, the German engineer geologist, asserted that the province of Shansi alone contained one trillion and two hundred and fifty billion tons.

Concerning iron, Mr Julean Arnold estimated the supply at four hundred million tons from mines equipped with modern machinery and three hundred million tons from those worked by primitive methods. According to the latest researches of the Geological Bureau of the Ministry of Agriculture and Commerce, the amount of coal which could be mined above 3,000 feet is 24,600,000,000 tons. This is found most abundantly first in Shansi, Chihli, Manchuria, and the least in Fukien. The amount of iron ore which could be mined is 589,000,000 tons—principally in Fengtien, Chihli, Hupeh, Kiangsu, and the least in Chekiang. On the other hand, the International Geological Association estimates

China's total supply of coal and iron at twice as much as the figure furnished by the Chinese Geological Bureau—namely, fifty billion tons of coal and 1,200,000,000 tons of iron. Compared with the supply in England and the United States, China's figures are respectively one-third of the former's and one-sixteenth of the latter's for coal, and four-fifths of the former's and one-fourth of the latter's for iron; nevertheless, they are many times higher than those in other countries.

The supply of antimony and tin is remarkably abundant. The deposits of the former in the province of Hunan alone are easily the richest in the world—a position not unlike that of Canada in the supply of platinum. During the recent Great War, antimony commanded very handsome prices, and although much of the demand has fallen off with the restoration of peace, yet China is still the largest supplier of the mineral. As a producer of tin, China is a close third to the Malay Archipelago's first and Bolivia's second. The mineral is found principally in Yunnan, though in smaller quantities in Kweichow and Hunan also. At present the annual production in Yunnan is 7,000 tons. With the introduction of more modern machinery, this figure can easily be doubled if not trebled.

Copper and silver are used largely in minting coins and were discovered quite early in the annals of the country. At present the principal copper producing provinces are Szechuen and Yunnan, these being the latest to be developed. But the methods employed are still primitive, and the introduction of modern scientific methods will bring about more satisfactory results. On the other hand, silver is comparatively scarce in China. At the time of the Ming Dynasty (A. D. 1368-1644), gold was only four to eight times dearer than silver, and even about the end of the 17th century, the ratio between the two was as one to seventeen, thus showing the dearth of the white metal. The gov-

ernment mines in Yunnan 50 years ago, produced annually one million odd ounces; to-day the production has decreased to about one-twentieth or fifty thousand ounces. No wonder the country has to rely on Mexican and United States silver to supply the demand — a point which deserves to be borne in mind by those who discuss currency reforms.

Among the latest metals to be discovered is tungsten, which was first mined in 1915 in Kiangsi and Kwangtung. The supply appears to be considerable, and during the recent War in Europe as much as five thousand tons were annually exported. This ranks China as the second largest producer.

Mercury is found principally in Kweichow. Ever since it was first discovered, the supply has always been considerable. Even though worked as at present by antiquated methods, the amount exported every year is about two hundred tons—being the greatest production by any of the countries bordering on the Pacific.

Gold in the form of dust abounds in Heilungkiang, one of the Manchurian provinces. Together with Outer Mongolia, Kirin, Fengtien, Chihli, Shantung, Hunan and Honan, Heilungkiang produces annually about 180,000 ounces. In addition, gold ore is known to exist in many places, but as yet these fields are uninvestigated.

Lead and zinc are used largely in minting coins and in making type, telephone wires, electric batteries, ammunition, water pipes, etc. They are found principally in Hunan province, also in Yunnan, Sinkiang, Chihli, Fukien and Chekiang. The two metals being generally found together in nature, the peasant miners with their primitive machinery are unable to separate them; hence there is also great scope for scientific development here as elsewhere.

Finally, the following are also found in varying quantities :— petroleum, the by-products of which are now so useful as fuel for airships, submarines, automobiles, and battleships and factories ; manganese, for tempering steel, several thousand tons of which are produced annually in Hunan and Kwantung ; alum, asbestos, and soapstone. Taking all these into account, China is certainly not lacking in mineral resources.

From the above it may be seen that China is situated favorably in every way. Not only was her civilization developed before that of all other existing nations, but she is also remarkably rich in natural resources. In the field of systematized knowledge, she has both those which correspond to the modern social, and those which correspond to the natural, sciences, although the former have been more emphasized upon than the latter. Similarly, her agricultural resources have undergone greater development than her mineral wealth, of which, however, she has also a large potential supply. Yet, in spite of all these, she is accounted by the modern nations a poor and backward country. How, then, may we explain such a strange paradox ? The answer to this being necessarily a long one, we shall devote the two following chapters to its discussion. In Chapter III we shall compare our economic conditions with those in the West, and explain why we cannot match them in wealth, while a similar discussion will be found in Chapter IV about our educational conditions. At the same time, we shall also attempt to show how these conditions may be improved so as to realize fully our historical and natural advantages.

CHAPTER III.

Present Industrial Conditions

Economic development must take place simultaneously along three lines; namely, extractive industries, manufacturing, and commerce. These three must go hand in hand, and none should be lacking. The nations of Europe are well known for their trade and manufactures. Their workmen turn the raw materials into finished products which their merchants sell. But they depend mainly upon others for the supply of their raw materials, whether agricultural or mineral. So, when hostilities broke out and outside supply was cut off as during the recent War, their industries were seriously affected. This shows how partial development is sometimes unsatisfactory. Nevertheless, having developed commerce and manufactures, Europe is prosperous in normal times, whereas China is poor amidst untold wealth.

Besides these, there are two other necessary factors which count in the development of industries—namely, an efficient banking system and an adequate transportation system. The first facilitates the circulation of capital; the second, the movement of goods. Should either be wanting, the general economic system would sooner or later break down, and instead of unrestricted industrial development, the natural resources would be buried underground and would merely serve as inducements to covetous people to exploit our country for their own benefit. For these reasons, all five factors are of great importance. Bearing this point in mind, we shall now see in what respects we do not come up to the standards of the more advanced nations, and also point out some of the conditions which are responsible for this state of things.

I. Extractive Industries.

In the first place, we shall consider the extractive industries, which are far from being properly developed. In agriculture, in spite of the long series of improvements, there is strong evidence that our lands have not yet been fully utilized. According to the latest statistics of the Ministry of Agriculture and Commerce already referred to in the previous chapter, the total acreage of lands under cultivation for rice, wheat, beans, mulberry, tea, cotton and hemp—in fact, for all kinds of agricultural products—is one and a half billion *mou*. Roughly, this works out at only one-tenth of the total area of the country being under cultivation. In the European countries, on the other hand, the proportion is as high as fifty per centum. Besides, seventy per centum of our population is agricultural, whereas that of the United States is only thirty-three per centum. Ours is 70 per centum of four hundred millions; that of America is 33 per centum of one hundred millions. The ratio is about eight to one. Yet the American acreage under cultivation is nearly eight and a half billion acres (approximately 56,000,000,000 *mou*) or thirty eight times that of ours.

From this fact it is plain that the productive efficiency of our farmers is very low, although the primitiveness of our farming implements are also to some extent responsible for it. The most important reason of all, however, is the lack of scientific development—for instance, scientific cultivation, scientific fertilization, and scientific prevention of flood, drought, and destruction by insects, etc. Consequently, it is along these lines that our people must work for future improvement. We must extensify as well as intensify cultivation, improve the productive efficiency of the farmers, and increase production by the introduction of up-to-date scientific methods and modern machinery. When all these are done, the actual returns will be fairly commensurate with the

potential advantages endowed by nature. Then, China will be able to supply food and other necessities to the rest of the world, instead of depending, as she does now, on others for cotton and such like raw materials.

With regard to our mineral resources, they are undeveloped even to a greater extent. Although very rich in coal deposits, the annual production is very meagre. On an average, the total output per year in recent years is only nineteen million tons. Of this, almost half or 9,380,000 tons is produced by mines worked either by foreigners or by Sino-foreign companies, such as Kai-lan, Ching-shing, Ling-ch'eng and Men-tou-kou mines in Chihli; Chi-ch'uan and Wei-shien mines in Shangtung; Shih-pei-ling and Yi-mien-p'o mines in Kirin; Cha-lai-nor mine in Heilungkiang; and the Peking Sydicate mines in Honan. The balance of about 9,620,000 tons is produced by Chinese private or government mines and those worked by primitive methods—such as those in Lin-yu; Tsi-chow and Ching-shing (Chihli); I-hsien, Ning-yang and Po-shan (Shantung); Hsuan-yang, Chang-teh and An-yang (Honan); P'ing-hsiang (Kiangsi); Pao-tsin, (Shansi); Hsi-hsi (Fengtien); T'ung-shan (Kiangsu); Su-hsien (Anhui); Lui-yang (Hunan); Ta-yeh and Yang-hsin (Hupeh); Yu-kan (Kiangsi) Kan-ho (Heilungkiang); and Hsuan-hua (Chihli). Compared with the world's entire output, nineteen million tons constitute only one-fiftieth part of it, while the coal produced by purely Chinese mines is only one one-hundredth part.

Similarly, although China's potential supply of iron is estimated at hundreds of millions of tons, the actual annual production is only slightly over 400,000 tons, which constitute one one-thousandth part of the world's entire output. Of this, one-half is produced by the Han-yeh-ping Company (Hupeh) and Pen-hsi-hu Colliery (Fengtien) combined. The former, having borrowed heavily from Japanese capitalists and thus become the object of an exchange of

notes between the Chinese and Japanese Governments during the negotiations regarding the Twenty-one Demands in 1915, is under obligation to export the greater half of its annual output of 150,000 tons to Japan; and the latter is a Sino-Japanese concern producing every year about 50,000 tons.

In regard to other minerals, China as a producer also occupies a very unenviable position. For example, her production of mercury and tin each forms only one one-hundredth, gold and copper one one-thousandth, silver and sulphur one ten-thousandth and petroleum one one-hundred-thousandth part of the world's output. Only in antimony and tungsten does her supply amount to as high as one-tenth of the total production of the world. This is in sad contrast with the country's fabulous mineral wealth; and hence the paradox that China, though rich in mineral resources, has not yet developed her mining industry.

II. Manufactures.

Most backward of all are perhaps our manufacturing industries. They are still in the handicraft stage, although machinery is gradually being introduced. According to figures recently compiled, there are in the whole country only 20,000 factories with altogether 630,000 operatives. The number of factories is comparatively more numerous in Chihli, Chekiang, Kiangsu, Szechuen, Kiangsi, Shansi, Kwangtung and Fukien. Classified according to their nature, factories engaged in spinning, dyeing and manufacturing of foodstuffs occupy the first places with the chemical industries and engineering works following closely behind. But this is nowhere near the standard of the West. For example, in England the spinners alone number 1,200,000, and in Germany before the War there were over 1,100,000 men in her iron-works

and engineering workshops. France, though in area smaller than Szechuen and in population no bigger than Shantung, has yet five million factory hands engaged in all kinds of industries.

The general conditions of our manufacturing industries are therefore very discouraging. Yet, when we consider the different lines one by one, we shall see that some of them have been making steady progress in the recent years. This is especially the case in the spinning industry. In 1890 when the first mill was erected at Shanghai, there were only 65,000 spindles; in 1911 the number was below 800,000; now it has increased to 1,500,000, (including those under order) and the number of power looms to 10,000, not to mention the innumerable hand looms. The supply is unable to cope with the demand; hence the yearly importation of foreign cotton goods is, as already noted, at least worth Tls. 150,000,000, yarn and cloth each forming about one half. In order to develop the industry further, so that our own needs may be met, the number of spindles ought to be increased by another one million and that of looms by another one hundred thousand, even though we do not expect to compare favorably with England which has 52,000,000 spindles and 340,000 looms, or the United States with her 33,000,000 spindles, or Japan with her 3,000,000 spindles. Now the War is over, the supply of machinery from Europe will be greatly reduced, and experts in factory administration will also be hard to find. Although this is so, yet the scheme proposed by Mr. Chang Ch'ien, our foremost industrial promoter, may be adopted with profit. It is to collect the necessary capital within a period of ten years, at five million dollars a year, thus making an addition of one hundred thousand spindles annually to the industry. This arrangement will allow the machinery to be imported over a length of time, enable our capitalists to find the required capital, and also train the necessary staff to run the modern mills. This is a simple and feasible scheme, and if adopted, may achieve the desired results in ten years.

Chinese silks have been famed for a great many years. Recently, however, they have suffered from competition with foreign silks. This is attributable to the lack of variety in color and design and to the indifference of our traders to the manufacture of new textiles. For this reason more raw silks have been exported than finished satins. An American expert estimates that every pound of the forty million pounds of raw silk exported by China is worth a little over two dollars, whereas every pound of the four million pounds of pongee exported is worth over four dollars. This shows the greater value of the finished product and the harmful result of our indifference to greater development in manufacturing. In recent years, the silk factories of Hangchow, Soochow and Nanking have been fairly alive to this situation, and their enterprise in introducing new methods may eventually help to restore Chinese silk industry to its former degree of prosperity.

Flour is one of the daily necessities, and after the War, the demand for it in European countries has greatly increased. This has produced remarkable results in China, causing an increase of the number of flour mills in the country to more than one hundred, with a combined producing capacity of 25,000 bags every day. Compared with that of the United States, which is 400,000 bags per day, the ratio is still very small, being one to sixteen; but there is now even sufficient flour to be exported to foreign lands. The quantity consumed in the country is four-fifths of the total output, being produced by old fashioned mills; while the remaining fifth is manufactured by machine mills.

Cement is required for building construction. This was originally an imported product, but now the factories at Tongshan, Hankow, and Canton combined are capable of producing 2,000 barrels a day. Leather is used for making shoes, bags, etc. The number of tanneries in Shanghai, Nanchang, Tientsin, Chengtu, Canton, is now over twenty. Iron and steel are becoming more and more the mainstay of industrial development.

The Ta-yeh mines of the Hanyehping Company produce annually 600,000 tons of ore, which contains from sixty to seventy per centum of iron. In addition, the manufacture of the following products also promises to grow daily in prosperity:—paper, salt, hosiery, matches, egg products, soaps, perfumes and other toilet articles, tinned goods, wines, cigarettes, straw-hats and straw braids. As yet the output is still on an unpretentious scale; so the supply is insufficient to meet the demand. Hence, though the country is rich in raw materials, we still have to depend upon importation of foreign finished products.

The American expert who has been once quoted also estimates that, of the 160,000 tons of pig iron exported by China in 1917, each ton was worth \$31.00 Gold; and of the 340,000 tons of iron ore exported each ton was worth \$3.00 Gold. The combined value of the two was therefore only \$6,000,000 Gold. On the other hand, for the same year China imported \$10,000,000 Gold worth of steel and iron products, and another \$5,000,000 gold worth of machinery. The value of these is from \$75.00 to \$20,000 Gold per ton. The difference in value between the raw material and the finished product is therefore most marked, and it is greatly hoped that our business men will not fail to learn the lesson.

III. Trade and Commerce.

A merchant is one who acts as an intermediary between the producer and the consumer. China being vast in territory and population, trade has flourished all through these centuries. Hence there has been developed in the Chinese business world a well ordered system of customs and conventions, of commercial guilds and associations, of principles of mutual help and mutual protection. Between the employer and the employee, between the buyer and the seller, there is a sort of unwritten contract, and good faith is predicated in all transactions. This explains the prosperity of our domestic and, to some extent, our foreign trade, as well as the commercial integrity of our merchants.

In the West, it is said that the business man is not born but made. He has his environment to aid him and help further his inclination. Possessing a larger fund of capital, a better business organization as well as better commercial and technical knowledge, he is able to invade other countries with his wares. So, coming to China, he studies our needs and requirements. He begrudges no expense to make known by proper advertisement the opportunities in store for the foreign traders. There is close cooperation between the western merchant and the western manufacturer. Whatever the merchant lacks, the manufacturer will produce ; whatever the latter needs, the merchant will supply. Added to this, are the facilities of transportation, communication, exchange and credit. Such being the case, it is little to be wondered at that the foreign trader reaps handsome returns wherever he goes.

A Chinese merchant, however, is not so favorably situated. Lacking up-to-date knowledge, he is unable to seize time by the forelock, and, lacking incentive, he is apt to let handsome opportunities slip by. Besides, he is seriously handicapped by insufficient capital, lack of adequate transportation and communication facilities, uncertainty of commercial laws, the existence of the cumbrous *likin* system, an unfair tariff schedule, lack of up-to-date commercial information, disorganized state of internal currency, and lack of an international credit system. Hence he follows where others lead ; he responds where others direct ; he does not venture beyond the coast. Foreign goods are imported by foreign traders, although he may be asked to carry on an agency in the interior of the country. Similarly, Chinese goods are exported by foreigners and, very often the latter commission their own agents to scour the interior for native goods. The Chinese merchant is not consulted and he is left out in the cold.

Moreover, what China imports are chiefly manufactured goods and what she exports are chiefly agricultural products. In such exchange between a country possessing raw materials and another possessing manufactured articles, the inevitable loss would naturally be on the former. Besides, such fancy articles as Chinese embroidery, carved wood, lacquerware, porcelains, gems and jade, etc., can no longer find large foreign markets, for their lovers of former days have now perforce to retrench in their expenditure after the war and discourage the purchase of luxuries.

On an average, China imported during the last few years Tls. 550,000,000 and exported Tls. 470,000,000 worth of goods annually. The difference was therefore Tls. 80,000,000 in favor of imports. After the War, the trade with Europe has gradually revived while commerce with Japan and America is bound to grow even greater in amount. As our foreign trade is almost entirely in the hands of foreigners, we shall be exporting more and more raw material and importing more and more manufactured products, with perhaps a greater and greater difference in favor of the latter. If so, the continual drain upon our natural resources as well as specie supply will be tremendous, yet in addition to that we have to pay every year sixty million taels as interest and part principal due on the Boxer Indemnity. The outlook is therefore uninviting, and it behoves our commercial and financial classes speedily to devise ways and means to ameliorate the situation. On the other hand, the other nations are also duty bound to assist, for such unsatisfactory conditions are sure to react on the world at large. For not only will China be impoverished, but the Chinese will be too poor to buy the world's surplus supply.

IV. Currency and Banking.

The industrial prosperity of a nation depends greatly upon the soundness of its currency and banking systems. In these days of extensive as well as intensive exploitation, the capitalists concerned must have an adequate reserve to draw upon. This sometimes necessitates a combination of the resources of many banks, when the strength of one bank or two is insufficient for the sake of supplying them with the necessary funds. For instance, in agricultural development, where considerable capital is required to buy machinery, reclaim waste lands, open canals and build irrigation systems, etc., there are agricultural banks which make loans on the security of the houses and buildings on the lands, or of the lands themselves. Similarly, in the promotion of other industries, where money is required to buy lands, erect buildings, purchase materials and machinery, etc., there are banks to finance the undertaking which will accept as security the buildings or debentures of the company or other realisable property. Besides, banks are indispensable for performing such operations as exchange and remittance, deposits and loans, hypothecation and mortgage.

Banks in China may now be divided into four classes—namely, old-style Chinese banks, modern Chinese banks, foreign banks and Sino-foreign banks.

Of the first class of banks, there are four varieties. The *Piao Hao* is a bank which handles most of the remittance and exchange operations in the interior of the country, and is perhaps the most trusted. Recently, owing to competition with modern banks, it is gradually disappearing from the large cities and treaty ports. The *Ch'ien Chuang* is the old-style Chinese bank. Whereas a modern bank usually demands proper security before making loans, and gives low rates of interest on deposits, a *Ch'ien Chuang*

offers higher rates on deposits and requires no other security for loans than the borrower's *bona fides*. In this way, it is especially popular and useful to small capitalists. The *Lu Fang* was originally engaged in the melting of bullion into sycee, which was then the standard medium of exchange of the country, but now in Peking, Tientsin, Yingkow, Mukden and other cities in North China, it also acts at the same time as a regular banking institution. Before the establishment of branch offices of the Bank of China in different cities, the *Kuan Yin Hao* used to handle the funds of the various provinces. Recently, its organisation has been changed, and at least one half of its number has become provincial banks.

The first modern Chinese bank was established at Shanghai in 1898, under the name of the Bank of Commerce, by Sheng Hsuan-huai, the originator of the Hanyehping Company and other modern industries. Since then the number has greatly increased, and in Shanghai alone, there are now the Chekiang Industrial Bank, the Ningpo Bank, the Chung Hua Bank, the Ta Lu Bank, the Chung Foo Union Bank, the Chin Ch'eng Bank, the Shanghai Commercial and Savings Bank, and so on. Various banks have also been established for various special purposes—for example, the Bank of China to act as the agent of the Government treasury; the Bank of Communications to handle the receipts from the different railways; the Salt Bank to handle the receipts from the salt collectorate; the Sin Hua Savings Bank to handle the savings deposit bonds, and the Territorial Development Bank to take charge of capital for territorial development. Including the provincial banks which handle the provincial funds, there are now no less than two hundred modern banks and agencies in the country, with a total paid-up capital of over forty million dollars.

Foreign banks include the following:—Hongkong and Shanghai Bank and the Chartered Bank (British); Yokohama Specie Bank, Bank of Taiwan, Sumitomo Bank, and Mitsubishi Bank

(Japanese); International Banking Corporation and Asia Banking Corporation (American); Russo-Asiatic Bank (Russian); Banque de l'Indo-Chine (French); Banque Belge pour l'Etranger (Belgian); and Netherlands Bank (Dutch). And until the outbreak of war between China and Germany there was also the German Deutsch-Asiatische Bank, but since then it has gone into liquidation. Agencies of these foreign banks have been established in Peking, Tientsin, Shanghai, Hankow and other big ports.

Of the Sino-foreign banks, there are the Chinese American Bank of Commerce, the Banque Industrielle de Chine, the Sino-Italian Bank, and the Sino-Japanese Exchange Bank.

Now, each of these four classes of banks serves some purpose in the economic development of the country. Because modern banking as an institution has not yet been firmly established in China, exchange operations in the interior are still being mainly performed by the old-style banks. Similarly, for foreign exchange operations, reliance has to be placed upon foreign and Sino-foreign banks functioning in the country. The operations of these four classes cover nearly all branches of commercial banking, but as yet there are none to finance industrial development. In spite of the regulations promulgated in 1914 and 1916 for the promotion of industrial development banks and agricultural banks, very few of these have been organized. On the other hand, there are many, many such banks in Europe and America, which help to a great extent in promoting the industrial development of these continents. The Chinese banking system is very defective in this respect, as well as in its undue reliance on foreign institutions.

In addition, there is the question of currency reform—the change of the monetary standard, the restriction upon note issue, etc.—which is also intimately bound up with that of exchange and credit. In 1914, because the economic conditions of the country did not warrant the adoption of a gold standard, the Government

promulgated the National Coinage Law and made the silver dollar the standard money in all transactions. This dollar was to weigh seven mace and two candareens, and was to be 900 fine. However, owing to the constant fluctuation between the relative values of silver and gold in the world's market, the silver standard is not entirely satisfactory. Besides, China's commitments abroad and other national obligations are paid in gold, and this means great uncertainty about the precise amount in silver which the country has to lay aside, in order to meet them.

In 1915, the Government promulgated further regulations to restrict within proper limits the issue of paper currency, so that the market might not be glutted by depreciated notes. At the end of 1917, the following totals of banknotes in circulation were reported:—\$90,000,000 issued by duly authorised modern banks; \$120,000,000 issued by duly authorised native banks; and \$80,000,000 by foreign banks—a grand total of nearly three hundred million dollars. Sooner or later, when the country settles down to a thorough financial reorganization, these notes will have to be standardized or redeemed, and the service of experts will be required to work out plans of their redemption and standardization.

V. Communications.

As is well known, the importance of transportation to industries is like that of the veins to the blood, or the wheel to the cart. Generally speaking, modern communication includes the following:—(1) land transportation—highways and railways; (2) transportation by water—inland and ocean navigation; (3) transmission of messages—postal, telegraphic, cable, and wireless services. Let us survey the present conditions of our country along these lines.

Altogether there are in China twenty-four railway lines with a total mileage of about seven thousand. Of this 2600 miles are foreign-concessioned lines,—namely, the Chinese Eastern, the South Manchuria, the Kiaochow-Tsinan the Canton-Kowloon, the Yunnan Railway and the Lung-chen—while the Chinese Government lines number only eighteen, and extend over about 4500 miles. This is certainly altogether insufficient. The United States with a territory of about the same size, and with only one-fourth of our population, has 266,000 miles of railways, or 60 times as long as ours. Moreover, many of our lines, though now nationalised, were at first built with foreign capital. The diversity of foreign interests has made it impossible to lay out lines according to some comprehensive plan for the whole country.

Such being the case, part of the capital seems to have been invested in unimportant routes, while many more important regions are without any modern means of communication. Ever since the first construction of railways in China forty years ago, no less than \$400,000,000 has been expended. Yet trunk lines are found only north of the Yangtse River and east of Honan province, leaving the great plains to the south and west practically untraversed. In this way such portions of the country as Shensi, Kansu, Szechuen and Kweichow, are inaccessible to the coast, and their development is consequently retarded, industrially as well as commercially. Nor is this all, for in recent years railway loans made to China have often partaken of the nature of politico-commercial transactions. This not only hinders the proper industrial development of the country, but it also sows the seeds for future international complications. Therefore, in the interests of all concerned, such arrangements should be modified so as to preclude all undesirable possibilities.

Just as railways may be compared to the lines of longitude, so may roads and highways be compared to the lines of latitude.

Each supplements the other and each has its sphere of usefulness. In ancient China well-constructed courier roads used to radiate from the Metropolis to the provincial capitals and from these to other cities of the country. There were more than 60,000 miles of such roads, but nowadays few of them are good for travelling. This is partly the result of age-long neglect of repairing and partly the result of late disuse, since the modern postal and telegraph services no longer employ the old courier roads. A few new roads have indeed been constructed by the municipalities of Peking, Tientsin, Shanghai, Hankow, and other cities, but the government at large has not had the time nor money to build a respectable system of highways for the whole country. Consequently, inland travel is especially laborious, and transit over one hundred miles will sometimes occupy a longer time than over one thousand on the railroad. In foreign countries, however, there is a perfect network of roads and highways connecting cities and cities, villages and villages, and the stream of traffic is almost endless—whether by carriages, carts, or motor cars or trucks, and whether in the carrying of goods or passengers. The United States alone has more than two million miles of highways.

With an unpretentious railway mileage China has more need of an adequate system of good roads and highways. Some time ago, the Ministry of Interior promulgated a set of regulations for the construction of highways, which fixed the breadth of those to be built by the Central Government at fifty feet, those by the provincial authorities thirty feet, and those by the district authorities twenty-four feet. As regards the width of those built by the village authorities, the standard was to be adopted according to the needs of the local community. The program suggested by the Ministry is an ambitious one. Although it is not easy to carry it out completely, a good beginning, for example, will have been made if the old courier roads are reconstructed so

that there will be 10,000 miles of modern roads radiating from the National Capital and another 50,000 miles radiating from the provincial capitals. The old courier roads make good foundations, and the expense of repairing them will certainly not be so great as that of constructing highways on entirely new road-beds.

China has long been considered as a country very favorably provided with inland waterways. The mileage of rivers navigable by Chinese junks is over 20,000 miles and that of waterways navigable by steamers and steam launches another four or five thousand miles. Since the opening of the country to foreign trade and residence however, Chinese shipping has been seriously handicapped. Because of treaty stipulations, most of the large rivers as far north as the Sungari River, as far west as Ch'ungking, and as far south as the Pearl and West Rivers—are open to navigation by foreign vessels. Since then the *role* between the guest and host has been reversed; for, not only are the Chinese junks unable to compete with foreign shipping, but also few Chinese steamship companies prosper under such conditions. The China Merchants Steamship Navigation Company is among the few notable exceptions. Consequently, of the one thousand odd steam vessels plying to and fro on the waterways during the last year, only one-fifth or 200 flew the Chinese flag.

As regards ocean going vessels, the tonnage of Chinese shipping is almost nil. In Fukien and Kwangtung, the Chinese business men having commercial interests in the South Sea islands own a few cargo steamers of some 2,000 tons each, and the Chinese merchants in the United States now run the China Mail Steamship Company with two or three larger vessels averaging 10,000 tons each. Otherwise, the shipping is entirely in foreign hands. Moreover, the vessels above mentioned are generally registered with the British, American and Dutch authorities: hence the Chinese commercial flag remains yet to be seen in foreign ports.

For international trade to prosper, one cannot rely solely upon foreign shipping. So, as long as China does not develop a merchant marine of her own, her trade and commerce with the rest of the world will always be handicapped.

Much progress has of late been recorded of the country's postal and telegraph services. But we are still lagging a long way behind the other nations. According to the report for 1918, the number of mails carried by the post office aggregated 300,000,000 pieces. This would work out at less than one piece per capita of China's 400,000,000 population. In Europe, on the other hand, the figures show from fifty to sixty pieces per capita of its population. As to telegraph lines, we have at present not more than 40,000 miles, whereas in the United States there are 1,620,000 miles of them. The proportion is therefore one to forty.

Such then is the industrial backwardness of China. In order to remedy the situation, we need to establish a stable government, revise the taxation system, encourage technical skill, and get together a larger amount of capital. Above all, the people should be taught to have a knowledge of international conditions—social, political and especially economical. The Europeans and Americans generally have far better commercial and industrial training, yet, as already explained in Part I of this volume, part of their post-bellum reconstruction program is to make such education more universal so that there shall be greater productive power and greater efficiency. How much more have we, who are in these respects backward, to spur forward? The new reconstruction program being based on education, we may profitably take a survey of our own educational conditions.

CHAPTER IV.

Present Educational Conditions.

It is generally agreed among educators and historians as well as practical statesmen, that a government will be good or bad as the educational standard of the people is high or low. If the people are well-educated, the government will be stable and efficient; if otherwise, the government will be inefficient and corrupt. In fact, popular education lies at the bottom of all kinds of national betterment.

As explained in the first chapter of Part II, our forefathers had developed a fairly complete system of education. The schools were divided into common schools and colleges or universities, and emphasis was laid upon the development of mind, body, and character, the greatest emphasis being upon the last. Later dynasties conceived the idea of selecting officials by systems of competitive examinations, and thenceforth education became merely an avenue to official preferment. There was no compulsory education, and he who had no ambition to become an official found no incentive to study. As centuries rolled on, the competitive examination system became stereotyped, and degenerated into the "manufacture of mental typewriters", as has been remarked by a sinologue. Tested by modern needs, it was worse than inadequate, and in 1904 it was abolished by an Imperial Decree. A new system of public education was instituted for the whole country, designed to make the people more intelligent and more efficient. From one point of view, this system is new, being a departure from the discredited *K'o-Chu* system, but on the other hand it is merely a reversion to the system existing previous to *K'o-Chu*, and now under a modern guise. At any rate, there has not

been much experimental work in modern education, and under the circumstances omissions or commissions are inevitable. We shall now survey our present educational conditions with the aid of statistics, and then proceed to note some educational tendencies.

I. Statistics upon the Present Educational System.

Before the inauguration of the new educational régime, there was established in Peking the College of Languages, which gave the students training in European languages. There was established in Foochow a School of Naval Architecture, and a Naval school was founded later in Tientsin. These three schools were created to meet the exigencies of the moment, namely, to train special talent—and were not a part of any new educational program. Later, when a modern school system was adopted, a special Ministry of Education was created, and as a result this system of public education began to give definite results.

According to the statistics of the first educational survey of the whole country, published in 1907, the total number of schools and colleges was estimated at slightly over 37,000, and of students 1,013,000. In comparison with other countries these figures of course pale into insignificance, but on the other hand, they are quite encouraging for the reason that they represent the progress accomplished in the first three years of the new régime. The period of probation was short, but the results achieved were encouraging. As soon as the Republic was established, the educational movement received fresh impetus. Meetings and conferences were constantly held with the object of devising the best means of promoting education, and the systems of both the Occident and Orient were closely studied in order to find methods suitable to the new Republic. The Ministry of Education was

reorganized, and three new departments were created, for the purpose of directing Universal, Technical and Social Education. The first of these departments includes normal schools for the training of teachers, middle schools, primary schools, and industrial schools; the second includes universities, technical schools, and the enrollment of students to go abroad and study in foreign countries; the third includes public libraries, museums and popular lecture halls, for the special benefit of those who are either illiterate or unable to attend ordinary schools.

Normal schools are divided into ordinary normal, and higher normal schools. The latter are established and maintained by the Central Government. At present they number six, and are situated in Peking, Wuchang, Nanking, Canton, Ch'engtu, and Mukden. Each of these schools has the following departments: preparatory, collegiate, seminary, and special. In Peking there is also a Girl's High Normal School. Ordinary schools are established by provincial authorities, and number over 180. Their curriculum embraces not only the subjects required for the training of future teachers, but also whatever is necessary for local needs, for example, farming or commerce. If the school is for young ladies, courses in gardening and needlework are included. As normal schools form the foundation of the modern educational system, general culture and practical knowledge are given equal emphasis.

Middle schools are established by provincial governments, their total now being over 460. Their curriculum includes the subjects generally prescribed for middle school education, and also a course in ethics. In the case of middle schools for girls, these courses also include household management, needlework and gardening. The addition of ethics is for the purpose of giving the middle school students a proper grounding in moral education. These pupils constitute the bulk of the community, and hence their education must be both intellectual and moral;

otherwise the foundations of society will never be sound. As years go on, the number of primary schools will naturally multiply and it will then be possible for each district, instead of a group of districts or a whole province, to have a middle school, and the fact that a district possesses such a school is sufficient evidence of its educational progress.

There are two kinds of primary schools: the higher and the lower. The former are established by district governments and are intended as intermediaries between the lower primary schools and the middle schools. Hence their curriculum stands midway between the two. The total for the whole country is over 7,000 for boys and 600 for girls, or an aggregate of nearly 8,000. The latter are established by local government boards, although in recent years a good number have been founded with private funds. The total number is 110,000 for boys and 3,000 for girls; added to these the 800 higher primaries, the aggregate number of primary schools is over 120,000.

In 1915, the Ministry of Education enacted certain regulations governing primary education. Briefly, the aim is to make it the basis of all education. Hence particular attention is paid to the training of children physically and intellectually as well as morally. In addition to the knowledge which children ought to possess as a foundation for good citizenship, they are also taught the rudiments of many virtues. Each is trained according to his natural aptitude, and in this way all are given a foundation for the realization of their ambitions in later life. According to the program of the Ministry of Education, compulsory universal education shall be enforced from 1921. If this can be effected, every child between seven and thirteen years of age will be sent to school, and in a decade or two, all children of school age will be able to read and write.

Industrial schools are becoming more and more important for the reason that they train their pupils to become self-supporting. Education makes them independent, and the country becomes prosperous. Now that every nation in the world is busy devising ways and means for the enrichment of itself, we in China cannot afford to fall too far to the rear. There are two grades of these schools, one known as the A grade and the other as the B. The former receives pupils who graduate from the higher primary schools, and the latter those who complete their course in the lower schools. Both have departments offering courses in agriculture, commerce, mercantile shipping, vocational training for women, and supplementary education for industrial workers. In this way each student can utilize his or her own talent in the community, and so promote the common good. Those who wish to pursue further studies along any special line may join the advanced technical schools.

The universities are for the pursuit of the highest studies, and though differing in minor details, the curriculum is generally the same in all countries. In China the Ministry of Education prescribes two principal departments for universities, namely, arts and sciences. The first includes law and commerce, and the latter medicine, agriculture, and engineering. At present there are three government-established universities, namely, the National University at Peking, the Peiyang University at Tientsin, and the Shansi University at Taiyuanfu. Recently, with the object of co-ordinating their work and thus obviating unnecessary repetition, the Peking and Peiyang universities agreed to an arrangement by which the former consented to transfer its engineering department to the latter, and take charge of the law departments of both institutions. The change seems to be for the better, because it eliminates duplication and waste, and the work done in each institution will make for a greater degree of efficiency.

In addition to the above, there are also four universities supported by private funds, namely, the Chung Kuo, Ming Kuo and Ch'ao Yang Universities in Peking, and the Chung Hua University in Wuchang. The Amoy University and the Southeastern and Southwestern Universities are among those that are being established with private funds. The existing five or six universities are utterly inadequate to China's population, and this number is bound to be increased when the country settles down again to normal life.

Technical colleges are divided into law schools, medical schools, schools of pharmacy, agricultural schools, engineering schools, commercial schools, schools of fine arts, schools of music, schools of naval architecture, schools of languages, and so forth. They may be established by either the Central or Provincial governments or by private endowment. If established by the Central Government, they are controlled by the Ministry of Education, as in the case of the following:—the Law College, the College of Agriculture, the College of Engineering, the College of Commerce, the College of Medicine, and the School of Fine Arts in Peking. One law college has been established by each provincial government, and in addition, there are six agricultural schools, six engineering schools, four schools of medicine and three colleges of languages. As for those established by private funds, and sanctioned by the Ministry of Education, they number twenty-six in all and are law, mining, commercial, and engineering schools.

In addition, there are the following special institutions: two engineering colleges established and controlled by the Ministry of Communications, situated at Tangshan and Shanghai; the School of Russian Language, administered by the Ministry of Foreign Affairs; the Army Medical, Commissariat and Officers Colleges controlled by the Ministry of the Army; naval schools by the Ministry of the Navy; the Aviation and Surveying Schools controlled by the General Staff; and the schools established for the

special study of particular subjects such as finance, spinning and weaving, territorial development, customs, posts and telegraphs, railway administration and so forth. If we add the above to the technical colleges, the total will be about 140.

The sending of students to study abroad began about fifty years ago, when the first party of one hundred students went to Europe and America to study naval architecture. Since then the movement has grown in popularity, and ten years ago there were no less than twenty thousand private and government students studying in Japan, England, France, Belgium, Russia, Germany, Austria, and the United States. Because Japan is nearer to China, and living there is cheaper, she has drawn the largest number of students from this country.

When the movement was at the height of its popularity, among those sent out were many who had not even finished their preparatory education. Such inadequate training being unwise, the Ministry of Education decided in 1916 that the students sent out under Government scholarships must at least have graduated from the collegiate department of a university or from a technical college. This provision is necessary, though it is a little hard on those unable to fulfil the qualifications. If the preparation is adequate, students will be able to pursue their advanced studies in foreign countries with the greatest profit and there will be no unnecessary waste of time and energy, as in the case of those who are not so well schooled at home.

Social education is planned with the object of increasing the knowledge of the general masses and raising their standard of efficiency for the well-being of the country. Since the establishment in the Ministry of Education of a special department for its extension, the movement has proceeded apace. At present there are in the whole country no less than 185 libraries, 286

popular libraries, 1,890 popular lecture halls, and 733 travelling lecture groups. Unfortunately, because of the comparative greater outlay and the shortage of funds, there are practically no public museums or fine art galleries.

II. Educational Tendencies.

So much for a brief survey of present educational conditions, let us now review the situation from an historical point of view and note especially past and present educational tendencies.

Contemporaneous with the abolition of the old K'o-chu system of examinations and the inauguration of the new educational régime, was the movement for a stronger China—a stronger China through the aid of constitutional government and a big army. Consequently the pendulum at that time swung in favour of legal and military education. Between 1905 and 1911, among the returned students who were examined by the Ministry of Education, there were about 860 law students. This comprised about four-fifths of the total number of entrants, thus leaving only one-fifth to those of other professions.

To-day all is different. From 1912 to 1917 there were only eighty-three returned students specializing in law who registered with, or were examined by the Ministry of Education. According to the reports of the superintendents of Chinese students abroad, the number of students graduating from foreign countries between 1917 and 1919 was as follows:—Europe, 19; the United States, 60; Japan, 147; making a total of 226. Of this number eleven were entered in arts; nine in science; 25 in medicine; 18 in agriculture; 80 in engineering; 24 in commerce; 16 in mining; and only 43 in law.

Almost the same fate overtook military studies. Ten or more years ago, there was a military school in every province, with varying enrollments of from 100 to 500. The best students from each province were sent to Japan to be trained as officers in the military colleges, and altogether no less than ten batches were sent, each batch varying from 40 to 100. Nowadays the military schools in the provinces have been closed, and the despatch of promising officers to Japan has also been long discontinued. There is now only one Military College in Peking, and a few schools giving instruction in military affairs in the provinces, although some forty or fifty students are now studying military and naval matters in foreign countries. "When the country is prosperous it can be easily administered". "No large army should be kept before the supply of foodstuffs is sufficient for the whole nation". These sayings taught by the ancient sages are in a sense true even to-day, and the change of such an educational tendency is eloquent evidence of the awakening of our people.

When modern schools were first established, especially by the Government, every encouragement was held out to prospective students. No tuition fee was charged, nor were the pupils required to pay for their board and lodging, nor for their books and stationery. In some cases the scholars received a certain allowance every month, and after their graduation they were given degrees, decorations and sometimes official posts. Yet "modern" schools were not then so popular as they now are.

Since the establishment of the Republic, however, not only were all allowances and decorations withdrawn, but all institutions were required to collect tuition and other fees. (Even now a few schools prefer to maintain the old practice, but their number is almost *nil*). On the other hand, modern education is more and more in demand; and whenever any school holds an entrance examination to admit new students, the number of candidates is

always in excess of the vacancies to be filled. Whereas in former days the schools were eager to cram their dormitories and classrooms with pupils, they now have to worry over their lack of accommodation and the inadequacy of the teaching staff. Here is another indication of the country's awakening to a recognition of the fact that education is the first condition to progress.

When modern reforms were first introduced, there was a shortage of specially trained men to carry them out. To meet the demand, many institutions were established to supply such men in the speediest way possible, and many young students, as well as young officials and old-style scholars, flocked to Japan to pursue special "short cut" courses. The demand was urgent, and so it was the policy to rush through the training and preparation of the future specialists. We now have reason to decry such shortsightedness; nevertheless, we should be indulgent enough to appreciate the circumstances which prompted such haste. Besides, this movement was of comparatively short duration. With the new foundations fairly laid, men are beginning to perceive the need of thorough preparation, and many are now willing to spend years of study and labor in preparation for their future life work. This is borne out by a comparison between the statistics of 1907 and 1914. The first significant difference is the great decrease in the latter year of those who pursued the old "short cut" courses, and the second difference is the increase in the number of students studying special and practical subjects. For example, the number of specialized students has increased two-fold, and that of those taking practical subjects five-fold. This is further evidence of the people's general awakening.

Ever since the beginning of the Great War in Europe, our people have been greatly impressed by many new ideas: for instance, the idea of initiative and self-determination. As we survey the educational tendencies today, this seems to be the predominant

ing *motif*. At the moment the ideas may not be very well assimilated, but it will not be long before they will be. That is to say, initiative and self-determination will have to be coupled with self-respect and self-control. All these combined will equip the rising generations to become good citizens of the nation of tomorrow. Such an energising spirit will gradually spread from education to the promotion of industries, and as a result our people will not be so helplessly dependent upon others as they have been in the past.

Such being the upward educational tendency, it is of course natural that the number of schools and pupils should have also increased considerably. Because of recent political disturbances, it is not easy to obtain up-to-date statistics. Most of the provinces have reported facts and figures, but a few distant provinces have not. At any rate, a comparison between the figures of 1907 and of 1916 will suffice for our purpose. In the former year the number of schools and colleges was 37,000 and that of pupils 1,013,000; the expenditure totalled \$17,190,000 and the value of school properties \$32,230,000. In the latter year, however, the schools were increased to 130,000, the pupils to 4,300,000, the school properties valued at \$103,280,000 while the expenditure was only \$37,470,000. In other words, the increase for the number of colleges and students was four-fold while that for educational expenses was only two-fold. The small appropriations for education account for the slowness of its progress, and we should take steps to remedy it.

Nor is this all. Let us advance a step further and our regrets will be all the greater. If we divide 4,300,000 among China's population of 400,000,000, it means that approximately only one out of every one hundred people is given some education, whereas the proportion per population in foreign countries is much higher. For example, in England, America, France, Germany, and Japan,

the percentage ranges from 12 to 18. Also there are 130,000 schools and colleges to 4,300,000 pupils. This means an average of 33 pupils to an institution, whereas in England there are 260 students to an institution, in Germany 160, and in Japan 250. The expenditure for 130,000 schools and colleges was only \$37,470,000, and this would allow each institution less than \$300 a year. Their property was valued at \$105,280,000, and therefore it was less than \$800 to the institution. From this we can form an opinion of the utter inadequacy of our educational equipment.

As noted in Chapter IV of Part I, the after-war educational tendencies among recent belligerent nations of the West are towards the furtherance of auxiliary education, the furtherance of democratic education, the cultivation of the people's varied faculties with special stress upon the practical application of knowledge. If such is the reconstruction program of the prosperous nations of the West, how much more should we, who are backward in most respects, push forward?

Since only one out of every hundred people in the country attends school, our first need is to make education as universal as possible. It would appear, however, that too much time is wasted every year in unnecessarily long holidays. Even the nations of Europe are anxious to redouble their industrial and commercial achievements by co-ordinating education with commerce, industries, and other departments of activity; so we should follow suit. One method that readily suggests itself is to utilize much of this spare time by the institution of summer schools or winter schools, as in the West, so that those who desire may be given instruction during their summer and winter holidays. Of course, in the working out of the scheme, we shall have to modify the plan according to our own needs.

One method which may well be adopted is the institution of industrial travelling lecture groups, one for each province, to

lecture at the schools during holidays. For example, silk and tea are produced extensively in Kiangsu and Chekiang ; this being so, the lecture groups can explain to the students the silk and tea industries in the world at large and also the steps which our growers should adopt to improve their production, so as to compete with the rest of the world. Since Shansi and Hupeh are the principal producers of coal and iron, their lecture groups can similarly tell the pupils the iron and coal conditions of the world and the methods by which they can increase our output. There are 52 Sundays in a year, and also a number of other holidays. A comprehensive schedule can easily be made out so that such lectures may be given to all the schools in turn. Upon arrival at any one place, the lecturing group can assemble all the students in one hall and also admit any others who might wish to come and listen. This will enable the people to increase their knowledge and consequently to apply this new knowledge to trades and occupations. Such a scheme does not entail much expenditure, yet its beneficent results are almost immediate.

When we speak of auxiliary education, we presuppose that education is already universal ; but owing to the keen struggle for existence, the poorer people are unable to devote themselves to higher studies, and therefore there arises the need of giving everybody an equal chance to obtain the benefits of such training. With us in China, however, the question is whether our education is universal or not, as it is still premature to inquire whether higher education is accessible to the poor classes.. Nevertheless, schools for the poor are constantly increasing, and there are also classes for those who work half-days and study half-days. So we are far from neglecting our less fortunate people, although we have not yet made our education universal.

A foreign writer, Newark, has remarked that from now on the keynote of all education should be to co-ordinate the development

of one's individualistic and social tendencies. This seems to suggest the best policy for our people to-day. All through our history, our people have over-emphasized individual bravery, individual virtues and individual talents. Henceforth we need to cultivate more and more our social instincts, our community spirit. In that way, not only will our people be intelligent and independent, but they will also be public spirited, and will cooperate for the greatest good of the greatest number. For the inculcation of such healthy principles, we have however to rely mainly upon our school-masters, because the pupils of to-day will soon grow and become the citizens of to-morrow. The task which lies ahead of our schoolmasters may not be easy, but if they succeed in instilling into the pupils' mind these principles, their reward will be no mean one. As to the other points in the educational program of the Western nations, they are either to some extent being adopted by our schools, or are not of so great importance to us. In Chapter II of Part III we shall suggest an educational policy for ourselves, which, in view of the present educational conditions as outlined herein, will probably be found to be more adaptable than any that we may borrow from abroad.



PART III

THE CHINA OF TOMORROW AND THE WORLD

PART III

THE CHINA OF TOMORROW AND THE WORLD

CHAPTER I.

The World's Anxious Hopes on China

In Part I of this volume we noted the scarcity of foodstuffs and raw materials and the problem of unemployment in the recent belligerent countries of Europe, and their attempts to recuperate from the resultant economic and financial burdens. In Part II we surveyed the abundance of natural resources in China and the wonderful possibilities in the future development of our industry and the increase of our production.

These two facts clearly show how China and the world will be inter-dependent in their future development. The war-stricken Europe is expecting to have China's aid in its recuperation and reconstruction. It is true that the United States and Japan have attained, out of the Great War, even a better economic standing than before. But the advantage thus gained needs to be consolidated. In other words, America and Japan, as well as Europe, are looking toward China for a solution of their urgent problems; namely, where to secure an adequate supply of raw materials, a large market for the consumption of finished products, and a good center for the investment of surplus capital and the employment of surplus talents.

Like the United States of America, China is vast in territory and rich in natural resources. Unlike the United States, our industrial development is yet in its infancy, the yield from the earth being only thirty or forty per centum of what it should be. If later our mineral wealth should be fully developed and our production considerably increased, China and America may rank equal on both sides of the Pacific, and together supply the world with their surplus raw materials. When that happy day comes, China will be in a position to fulfil the world's first hope; namely, that of being one of the largest suppliers of raw materials.

Besides our vast territory and natural wealth, China has also a larger population than most other countries in the World. When their economic conditions are improved, the consumption capacity of the 400,000,000 people will be remarkable. Heretofore the total foreign trade of Australia has been about equal to ours, and considering the small population living on that continent, it means a very high consumption capacity, and therefore attracts much attention. In figures it is about \$100 Gold per capita per annum. On the other hand, the per capita figure for China has been only \$2.50 Gold. Of course, this low figure is but temporary. With the rapid development of our industries, it is eminently possible that the per capita consumption figure of our people may reach that of the Australians today, which means that our annual foreign trade may be increased to \$64,000,000,000 Gold, i.e. 64 times that of the trade of to-day. The total would be much greater than that of Australia. This objective may be a whit ambitious, but it is fully within the bounds of possible realization. When this stage of our prosperity is reached, China will be one of the largest international markets for finished products and thus fulfil the world's second hope.

In order to build up a foreign trade which shall be 64 times that of to-day, however, we must first increase the productive as well as purchasing power of our people. This can best be done by developing our industries to the fullest extent. In other words, we must develop our mining and manufacturing industries, provide adequate means of communication and transportation, and supply other facilities that are necessary for industrial development. Now, all these will require a great deal of foreign co-operation in the supply of capital and technical skill, and scarcely a start has been made in these directions. Once the industrial movement is

well under way, the opportunities for utilizing the surplus capital as well as technical skill of the prosperous countries will be great and extensive. When that time comes, China will have fulfilled the world's third hope.

Such being the situation, the statesmen in different countries are daily directing the attention of their people toward China, and the greatest hopes are being built on the future of this country as a most important topic for discussion by the press both in Europe and in America. The attitude is perhaps best portrayed by an editorial which appeared in the New York Times some time in April, 1918. Briefly, it drew attention to the position of the Pacific after the War, as the Far East would be in the future the greatest international market, and the Pacific Ocean the most important highway for international trade. Here we have in a nut-shell the key to the future development of China and the world in general. Bearing this in mind, let us proceed to review briefly China's foreign relations with the different Powers.

I. Sino-American Relations.

Ever since its establishment, the American Commonwealth, realizing the necessity of developing her vast natural resources and the wisdom of keeping aloof from the entangling alliances of the European countries, has adhered strictly to the maintenance of the Monroe Doctrine and directed her concentrated efforts toward internal development rather than foreign relations. In the course of time, her commerce and industry have so far advanced that the supply of her manufactured articles became much greater than the demand at home, and the surplus production had to look for markets in foreign countries. So, in 1899 John Hay, then Secretary of State, first made reciprocal commercial treaties with the European countries, and then succeeded in making the other Powers accept the "Open Door" Policy and the principle of

"equal opportunity" in China. In so doing, he was prompted by his belief in the future commercial and industrial possibilities of China and the important part the United States was to play on the Pacific. Having no protective tariff, China appeared to be the best potential market, and so John Hay, in championing the "Open Door" Policy, was looking forward to more intimate political as well as trade relations with China.

However, the trade between the two countries has not been as great as was expected. Before 1914 our exports to the United States amounted to only 11% of our total trade, and our imports from the United States only 7%. Even during the Great War, when trade with Europe was practically at a standstill, and when commerce seemed confined only to countries on the Pacific, the progress made in this direction was slow. In 1918 the amount of our exports to America only rose to 22% of the total trade, and that of our imports from America to only 15%. Whatever may be the reasons for this slow progress, America must have learned from the War the necessity of restoring the world to a state of equilibrium on the one hand and of promoting international co-operation on the other. This may account for the fact that she upholds the Monroe Doctrine in the Western Hemisphere while at the same time advocates the Open Door Policy in the Orient. From now on, it may be confidently expected that she will take an even greater interest in her Oriental trade, and that our relations with her will be closer and more intimate than ever before.

II. Anglo-Chinese Relations.

Chinese relations with Great Britain began at a very early date. In 1860 Great Britain was accorded the privilege of establishing a permanent legation at Peking. This, coupled with her firm foothold in Hongkong, has enabled her to attain commercial supremacy in the Orient. It has always been the

policy of British statesmen to consolidate this position of advantage, and to open China to international trade without at the same time deliberately impairing her independence. This line of policy fully coincided with the Open Door principle, and so, when the latter was presented to the Powers for recognition, Great Britain was the first to endorse it.

During the past sixty years, Great Britain has entered into alliances first with France and then with Japan in order to preserve the balance of power in the Orient. But she has never once deviated from the policy of maintaining her friendly relations with us. Her commerce always enjoyed the premier position in the Far East until the latter part of 1914, when it was seriously affected by the outbreak of the World War. Now that the gigantic struggle is over, Great Britain is once more trying to restore her ante-bellum trade conditions. Last year and this year there were held at Shanghai conferences of all British Chambers of Commerce in China, at which ways and means of consolidating and increasing British commercial interests and influence in China were discussed. At the first one, Sir John Jordan, then British Minister at Peking, was present. Of the ways that have been adopted one is to establish a better understanding between the British and Chinese merchants and is embodied in the formation of the so called A. B. C. Clubs in Tientsin and Shanghai—namely, clubs composed of American, British and Chinese business-men for a common purpose. Being a great manufacturing country, Great Britain has to find foreign markets for her finished products. This explains her anxiety to re-establish herself at once in the Chinese market, since she needs our co-operation to bring it about. It is needless to add that China welcomes it and will meet her more than half way in this laudable purpose.

III. Sino-French Relations.

The proximity of French Annam to Chinese territory, her interests in the Yunnan Railway which connects Annam with the Chinese province of Yunnan, as well as the long history of diplomatic relations between these two countries, give France a position in the Far East no less important than that of Great Britain or the United States. Her post-bellum conditions also direct her attention more and more to China, and it will be profitable to find out in what way the relations between these two countries may be made closer than before.

Since the close of the War, France has been directing her concentrated efforts toward the rehabilitation of her devastated regions, the reinstallation of her crippled industries, and the restoration of her ante-bellum economic standing in the world. Consequently her most pressing problem has been that of securing foodstuffs to feed the nation and an abundant supply of raw materials for use in her industries. In this she looks for cooperation from China and the Far East. According to recent information from the Shanghai Maritime Customs, French steamers returning to French ports are generally heavily laden with foodstuffs and raw materials.

Crippled as are her industries at present, the acquisition of the cotton fields of Alsace, the iron mines of Lorraine, and the rich coal supply of the Saar Valley will soon bring about her economic revival, and she cannot ignore her possibilities in China as a market for her manufactured articles in the future. Her far-sightedness has convinced her that she must enlist the aid of intellectual China, if her economic future in this country is to develop and to endure. On the other hand, we also fully appreciate the soundness of her view point, since there is no way by which we can understand the French people and co-operate with them

economically other than by sending students to her schools, and learning her view-points. Therefore, any effort made to bring about an intellectual *rapprochement* between the Chinese and French peoples, as the establishment of a department of Chinese classics in the Paris University, will be welcome, for it speaks well for the future of the two countries.

IV. Sino-Italian Relations.

The relations between China and Italy have always been cordial, although in Oriental trade Italy has never ranked very high. Before the Great War, she had neither any special bank in this country nor any steamship line running between Chinese and Italian ports.

Like France, the War has brought about great changes in Italy's economic policies. Old industries have been improved and new ones developed. Her spinning industry had made notable progress and her silks had been considered the best of their kind in Europe. Although she formerly lacked machinery and chemicals, and imported them from Germany, she had gradually developed these industries in her own country when the War cut off their supply. Her annual production of iron has increased from 530,000 tons to at least double that figure. In like manner her chemical industry has made great strides, so that the country is now in possession of numerous factories for the manufacture of gunpowder, explosives, dyes, drugs, and other chemicals. It appears as if Italy is determined to capture the markets which have been lost to German iron goods and chemicals.

The attention which Italy is bestowing on her industries is not confined to the home markets; it is directed toward the Far East also—the international market of the future. Realizing the importance of banking facilities in the promotion of international trade,

Italian business-men here established a Sino-Italian Bank in Tientsin with branches in Peking and Shanghai. Arrangements are also under way for the opening of a shipping line operating between Chinese and Italian ports. This is of special importance, because it marks the beginning of a new era between China and Italy.

Italy's interest in the Orient is further evidenced by the fact that in the spring of 1920, the Sino-Italian Chamber of Commerce at Naples wrote to our Ministry of Agriculture and Commerce in Peking, suggesting how trade between the two countries could be best promoted. They said that an exposition of Chinese goods was to be held in Naples shortly, and that the most important Chinese commodities that could find an easy market there were hides, wool, sesamum seeds, groundnuts, beans, oils, cotton, bristles, cereals, brown sugar, porcelain, yellow wax, coal, iron, carpets, animal horns, feathers, eggs, bamboo ware, human hair, sack-cloth, and straw-braid. In compliance with their request, the Ministry of Agriculture and Commerce has communicated with the various chambers of commerce in the country so that samples of the desired goods will be sent over to the exposition. It is to be noted that the foregoing list of commodities which Italy wishes to secure from us contains only foodstuffs and raw materials, and these China is fully able to supply.

V. Sino-Japanese Relations.

Because of geographical propinquity, China and Japan are commercially more inter-dependent and their relations are more complex. Japan being an Island Empire is looking to us for the supply of raw materials, as well as for the consumption of her manufactured products. Besides, she also entertains the hope that we will utilize her surplus capital and expert knowledge.

It is generally known that Japan produces little iron, cotton, or wool, and has only a very limited quantity of coal. In one of his books, a Japanese publicist remarks that one of the lessons taught by the late War is the risk of relying upon distant countries for the supply of principal raw materials. He is glad that China is very near to Japan, being separated by only a small stretch of water, and therefore suggests that his country men secure permission to develop our iron and coal mines, as well as to lend money to us for the improvement of our cattle-breeding and cotton cultivation. The cotton as found in China today is not good enough for making into yarn; but if it is improved, it will be of immense service to the spinning and weaving industries of Japan. This clearly indicates that the Island Empire is anxious to secure raw materials from us.

In 1912, Japan was our second largest importer, yet her imports to this country amounted to only Tls. 90,000,000, which was less than one-fifth of our total import trade of Tls. 480,000,000. During the War, however, Japan made remarkable progress and became the foremost country in export trade in the Orient. This was brought about by the blockade of Germany and Austria, the practical stoppage of English and French trade, and the deviation of American exports toward belligerent Europe. Even then Japanese publicists began to preach that the tremendous advantages thus gained had to be consolidated before the War was over. The keynote in all Japanese writings, since the close of the War, has been the selection of the nearest market and one that offers the largest scope for trade and the best facilities for transportation. So today, Japan is counting on China as an outlet for her manufactured goods.

As regards the utilization of their surplus capital and technical skill in this country, the Japanese are no less keen. Even during the war, they lent large sums of money to our Government and merchants for the development of economic enterprises. When the American Government proposed to form a new international Consortium to finance China, the idea at once found approval among the Japanese capitalists, for they realized that here is a field for their surplus capital as well as for their technical experts whose service will not only yield large returns, but also contribute to the welfare of China, Japan as well as the other countries having interests in the Far East. The future of China and Japan, therefore, will be one of increasing complexity, interdependence and intimacy.

VI. Our Relations with Russia, Germany, Belgium etc.

Russia, our nearest neighbor, was among the first to have treaty relations with us. We began to trade with her as early as the seventeenth century. Although she has a vast territory, rich resources and a large population, she is, for the moment, suffering from serious internal disorganization, and so our relations have been more or less suspended. As soon as her troubles are settled, trade will be resumed between the two countries and we may look forward to the time when relations between China and Russia will become more cordial and close as befitting two nations whose frontiers run together for thousands of miles.

Germany began to trade with us much later than either England or France. During the decade before the War, her commerce made most wonderful progress and she became the largest producer of chemicals in the World. The Great War came and her Far Eastern trade was suddenly stopped. After the Armistice was signed, however, her manufacturers immediately

became active again. The factories of Hamburg at once wrote to the Chinese Chamber of Commerce at Shanghai, soliciting orders for their goods. More recently, large numbers of German business men have returned to this country. All this points to the fact that before long commercial relations between China and Germany will be resumed and a flourishing trade developed.

Commercially and politically speaking there has not been as much intercourse between China and Belgium as between China and any one of the foregoing countries. But she has taken an interest in our railroads, street-cars, and certain mining industries. Besides, she has also a bank in Peking. Now that the War is over, she is entering upon a policy of reconstruction. There is much that we can give to as well as obtain from Belgium and therefore the future relations of the two countries will be more extensive.

There are over a million industrious Chinese people in the Dutch East Indies and in Dutch Borneo. These colonies are becoming more and more prosperous every day, but much of the credit is due to the Chinese settlers. There are now two Dutch banks in China and the products from the Dutch East Indies, such as sugar, coffee, and rubber, find a ready market among us. So the possibilities of the future Sino-Dutch trade are great.

Before the War, Austria had concessions in China and also a direct shipping service. Since then, these concessions have been restored to us, and the shipping service has been suspended. It is hoped that in the near future our former friendly relations will recommence, and Sino-Austrian trade will be resumed on a footing of equality and reciprocity.

Our commercial relations with Portugal began very early. With a firm foothold at Macao, she played an important part in our early foreign trade. Although in recent times her intercourse with us has not been developed much further, it may be assumed that our cordial trade relations will be maintained.

Then there are countries like Switzerland, Norway, Sweden, Spain, Denmark, Brazil, Mexico, Chile, Cuba, etc., with which China has established trade relations. Although the amount of trade has never been considerable, yet it is certain that it will develop, as time proceeds.

In the future, as communication is expedited between the different parts of the world, the interchange of ideas as well as commodities will be bound to increase and the world will be brought nearer to us than ever before. At the same time, having gradually and steadfastly developed her man power and her natural resources, China will truly become an international market of such magnitude and importance that her prosperity will mean the prosperity of the whole world, and the happiness of the chinese people, the happiness of the entire human race.



CHAPTER II.

China's Opportunities

The universal object of establishing a government is to do the greatest good to the greatest number. And by the greatest good we mean, first, the development of industries to enable the masses to earn a decent living; secondly, the promotion of universal education to raise their intellectual and moral standard; and thirdly, the development of a community spirit so that every member of the community will discharge properly his or her duties towards society at large. For if the majority are poor and a few are rich, or if the majority are illiterate while a few are educated, there will be not only dissatisfaction from within but also contempt from without. After all, the prosperity of a country does not depend upon the wealth of just a few rich individuals; nor can it progress with the work of just a few clever men. There cannot be a sadder spectacle than to see the majority of the people living in a state of poverty and ignorance.

To promote the welfare of a community, industrial development and universal education must go hand in hand. The former provides the body with material comforts while the latter prepares the mind for the cherishment of higher ideals. Diplomacy, politics, military affairs, and all other governmental actions are only ancillary to them; they are not the essential things. On the other hand, the development of education and industries requires time and presupposes peace and order. If the internal conditions or external relations of a country are disturbed, either of the two, if not both, will be seriously handicapped in its development.

During the last four years, the world has been living in a horrible plight. Cries for peace were heard every where; men and women longed to see it as they longed for the light of the day. East or West, the sentiment was the same. Fortunately,

the War was brought to a close and peace was restored. The policy of "Mailed Fist" militarism that used to strike terror into men's hearts is forever discredited, and no one dares mention its name again. Under such conditions, we may say that China is being blessed with the opportunity of a lifetime ; it only remains for us to seize it and drive ahead. Whether or not there will be a New China in the 20th century better than the old one we have left behind will depend largely on ourselves. Mindful of our duties to the Republic, we wish to express our views on the questions of promotion of industries and of education.

I. The Development of China's Industries.

We have already indicated that the world is banking lavish hopes on China as a supplier of raw materials and as a consumer of manufactured goods. But no matter how rich our natural resources may be and whence the capital may come, the work of developing them must be undertaken by our own people. Others cannot and must not be expected to do it for us, since it would sow the seeds of future discord which must by all means be avoided. Likewise, however big an international market China may be for the consumption of manufactured goods, our people must first be enabled to develop the requisite purchasing power, or it will be impossible for us to continue the importation of goods from abroad—a fact which is disastrous alike to China and to other countries. By helping China to develop her natural wealth, the world will be helping itself. Then China will be able to give to the other nations her surplus raw materials on the one hand and to increase her consumption of foreign goods on the other. By this arrangement both parties are benefitted, and China, on her part, will have fulfilled two of the world's earnest hopes in her.

To put the matter in another light: if the rest of the world is starving or freezing in the cold, can China enjoy peace and plenty; or *vice versa*, if this country is facing hunger and cold, can the rest of the world remain unaffected? The answer is plainly in the negative. Humanity enjoys or suffers as a whole, and there is no ultimate escape from it. International peace and prosperity can only come through harmonious international cooperation.

As the root of all wars in the last analysis lies in the lack of proper adjustment of economic supply and demand, it becomes our duty, if we want to insure peace and prosperity, to contribute freely to others what we have in abundance. By increasing our mineral and agricultural products, we can supply them in large quantities to other nations in exchange for their manufactures which we cannot produce at home. At the same time, home industries for the manufacturing of articles of daily use should be encouraged whenever possible. Such an arrangement will have a three-fold advantage:— 1. the idea of economic specialization will be worked out; 2. the dangers of international competition will be reduced to a minimum; and 3. all nations will enjoy the blessings of legitimate trade in peace and harmony.

The policy which we are advocating is by no means a novel one; it has its precedents. Great Britain, besides coal and iron, produces little else that is in the nature of raw materials. So she early turned her attention to the development of manufactures and commerce, and has flourished on them. On the other hand, the United States, being richly endowed with natural resources, proceeded to develop them first of all. Today she is one of the largest producers of raw materials. Having organized her mineral and agricultural enterprises, she is now pushing ahead her manufactures. The conditions of China are more like those of the United States than of Great Britain, and consequently she ought to follow the example of the former.

There is a further reason why the development of our manufactures should not be placed before, or receive an equal emphasis as, that of our agricultural and mineral resources. In manufacturing enterprises, large capital is needed, expensive machinery has to be installed, technical experts and skilled workmen have to be secured. Unless these elements obtain, it will not be profitable to undertake them. In fact, China is weak in financial power, and has neither the supply of technical skill nor the necessary experience. It would be unwise for her to plunge into that for which she is not yet ready. On the other hand, the development of our agricultural and mineral wealth is not so difficult a problem. Although modern agriculture and modern mining also require scientific knowledge and modern machinery, the requirements are more easy to meet. Besides, the demand for these products is on the whole more steady, and competition is less keen. For these reasons, we can, in the near future, be surer of success in the field of agriculture and mining than in that of manufactures.

In Part II, we have stated that small land holdings were developed in this country from the very earliest times. It is a source of gratification to note that this system, though formerly discredited in the West, is now again advocated by their economists. In China it still forms the basis of our social organization. Ever since the advance from the agricultural to the industrial stage of civilization, the Western people have left their farms to go into the cities. By getting employment in the thriving factories, they are earning better wages and so have advanced their material welfare, but spiritually their strength is being sapped. Added to this there is the constant friction between capital and labor, and when a dispute cannot be amicably settled, the community is for the time being disorganized. As this friction has been a constant menace to the equilibrium of society, there were proposals even

before the War to lay more emphasis on farming and return to the small holding system. We may be pardoned for saying that if the recent War had broken out ten years later Europe might not have suffered from so much industrial disorder. Therefore, we would do well to preserve the old system and improve on it in the light of modern experience.

On the other hand, it may be contended that it is this self-same small land holding system which has been keeping back our agricultural progress, because small holders are generally conservative and do not co-operate with one another. Unless otherwise compelled, they will continue to use the same old implements and the same primitive methods of irrigation, and will learn nothing of scientific farming. The answer to this is that there is nothing inherent in the existing system which prevents the introduction of far-reaching reforms. What is lacking now is systematic organization, through which many small holders can combine to buy the necessary modern machinery, to construct improved irrigation systems, and to introduce scientific methods of cultivation. We should preserve the virtues of the old dispensation while casting out the evil practices. The problem seems to be a personal one where the fault does not lie with the system, which can be made good or bad according to our determination to make good or bad use of it.

As regards mining, although it was not unknown to our forefathers, the industry is still in its embryonic stage. At present there are some ten mines where modern scientific methods have been introduced to extract coal, iron, lead and antimony; otherwise the old primitive methods still obtain. This accounts for the small production returns and is a situation which requires quick improvement.

Now, if we wish to develop our mineral and agricultural wealth properly, and in addition attempt to manufacture a few simple articles of daily use, it is necessary that we should establish a central expert bureau whose special duty it will be to foster and encourage such development. This bureau should have at least two auxiliary departments: first, a department for the investigation of production returns; and second, a chemical analysis department.

The first department will investigate into the country's supply of raw materials and foodstuffs as well as manufactured articles of daily use, ascertaining statistics of their annual production, amounts consumed locally, amounts exported to foreign countries, and amounts ordered from abroad. It will find out the conditions of harvests, the kinds of soil, the geological conditions of different places, and the location of mines, including the percentage of metal in the ore, the best methods for their development and the amount of capital required for operating them. In addition, it will also look into the kind and quantity of our products that the different nations may need, as well as our need of their products. These comparative particulars can be computed in terms of months and years and tabulated for public information, so that people will know exactly what and when to supply and to sell. Further, if expert advice is desired by private citizens for starting industries, it will be furnished free; and even in the employment of technical men and purchase of machinery, the department may sometimes render them useful service.

The second department will make an exhaustive analysis of the soils and ores of the different provinces and also of manufactured articles which can be tested in the laboratory. The soil analysis will enable the farmers to know the productivity of different kinds of soils as applied to cultivation, and also whether or not in each case fertilizers will be necessary. Suppose that the

soil is naturally suitable for cultivation, with scientific care, it can be made to yield greater returns. On the other hand, if it is poor, it can easily be improved by scientific treatment. This is why agricultural development has reached such an advanced stage in the United States: all because of scientific care.

Mineral products are seldom found in a pure state; they are generally mixed together with other substances. The department should analyze carefully the various kinds of mineral products, differentiate the compounds and determine the percentages of pure metals they contain. In this way we shall know which mines are valuable, which are less and which are not. Those that are valuable should be developed, and those that are less may be left to a later date, so as not to waste any time, money or energy.

Likewise, manufactured articles are generally valued according to the grade of the materials contained therein. Now, in order to ascertain the qualities of such materials, they must be chemically analyzed, and the results of such analyses will enable the prospective purchasers to know the real worth of such articles. At the same time they will also enable the Government to fix certain standards for their manufacture. Where special services of the department are needed by anybody engaged in legitimate business, the chemists of the department will render him assistance free of charge.

Such a central bureau, of course, requires a large staff of experts, and will take months or even years to develop, but when it is completely organized, there will be a fund of valuable information for our industries and commerce, and the development of our farming and mining industries will then be greatly facilitated. However, the efficiency of the bureau alone is insufficient. There are other cooperating agencies, such as tariff reform, unification of the currency system, banking and transportation facilities, etc., which must be developed and adjusted also,

since they bear such an intimate relationship to the development of industries. In these matters we have already delayed long enough, and further delay will mean disaster to the future of our industrial development. Let us therefore cooperate to this end.

II. The Promotion of Education.

After a war, the longings for peace are naturally earnest and universal, for with the establishment of peace everything will return to its normal life. But in order that a peace might be enduring, it must be founded on the principles of equality and justice. If the economic conditions of a country are not properly adjusted, there is social unrest; if the general intelligence of the people is too much below the intellectual standard of their leaders, there can be no harmonious cooperation. Such unsatisfactory conditions in one country are sufficient eventually to upset the international equilibrium, and make a real and lasting peace impossible.

Ever since the abolition of the old system of competitive examination and the establishment of modern schools in China, almost twenty years have elapsed. During this period, modern education has made little progress and this has been due to the unsettled political conditions of the country. Everybody realizes the importance of education and would welcome any furtherance of its interests, but few have given themselves to the work and there have been no funds available for its promotion. In 1912, the Ministry of Education worked out a plan of universal education for the country, which it would take eight years to carry out. It is to be deeply regretted that the scheme has not yet been put into operation. If henceforth one and all in the country are determined to do it, especially as political conditions both internally and externally are returning to the normal, we feel quite sure that wonderful progress can be made in a few years. It

is our hope that those who have the educational interests of the country at heart will devise ways and means to improve the system both intensively and extensively. For this purpose comprehensive programs of reform are to be preferred to spasmodic suggestions, and accordingly we venture to give a few hints as to the general policy which should be followed in such programs.

As is well known, the objects of education are to train good and useful citizens and develop men who will be frugal, industrious, enterprising, independent, law-abiding and public-spirited. In ancient times our young men were taught to sweep their own floor, and young women to wash their own clothing. Through the ages, exemplary rulers have practised what they taught by ploughing their farms and living simple lives. This is why we have said that industry and frugality have become our national characteristics. Unfortunately, in recent years, with the introduction of Western civilization, when the new and the old have not yet been harmoniously blended, our people have begun to live easy and luxurious lives. This is because they have overlooked the fact that civilization is not embodied in the splendor of its forms but in the grandeur of its ideals of citizenship and character.

Thrift and industry may be known to-day by a phraseology different from that of the ancients, but the ideas at the bottom are essentially the same and unalterable. In the West, there are such expressions as the "dignity of labor" and "simplicity of life" which in reality are nothing but industry and thrift. These ideas are common to all races and all times, whether Western or Eastern, ancient or modern, for they underlie success in every department of activity, individual or corporate. In order to cultivate and propagate these virtues, the service of education must be enlisted.

Before the War, different countries in the West had different educational policies which were worked out in accordance with

their needs. For example, Great Britain laid emphasis on the spread of knowledge of naval affairs; Germany centered her attention on the consummation of military training and the United States sought to foster the spirit of freedom and liberty. Yet with all these differences there is a fundamental policy common to them all—namely, the encouragement of the virtues of thrift and industry. This is the secret why these nations all prospered until the War took place.

Therefore, in this period of transition between the old and new systems of education, it is our imperative duty to instil the ideas of thrift and industry into the minds of our future citizens, for otherwise it will be impossible for us to make the new China a better one than the old. This can easily be done in our modern schools by teachers and school administrators, in all lines of instruction and management. Being simple they need not be exaggerated or embellished so as to appear as innovations. This is the first suggestion which has occurred to our mind, if we wish to improve the quality of our public education.

The strength of a country does not depend so much on the size of its population as on the degree of general intelligence. In recent years there is a movement in Europe, America and Japan to discourage the increase of population and promote intensive education. In other words, these nations prefer to have fewer people, but want them all to be better educated. This goal is far too high for China to attempt to approach. We do not yet have universal education, and we shall be satisfied if all the four hundred millions have some degree of intelligence at all, instead of having only one per centum of them receiving the benefit of school education. When that is accomplished, it will still be a great task for the government to provide education for the new generations that are yet to be born.

According to census estimates, there is on the average an annual addition of one man to every hundred of the world's population. This is probably much lower than the actual rate of increase in China, but it will already mean an addition of four million people every year. In seven years—the length of the lower and higher primary courses combined—there will be twenty eight million people attending schools, and the nation must have enough schools to educate at least this number of people. Then there are numerous others who have exceeded the age limit for attending schools but who are yet deficient in the rudiments of knowledge. They will have to go to school also. If we add to this also the number of those who are already attending middle schools, technical schools, and other higher institutions, the percentage of school attendance throughout the country may be increased to twelve per centum of our population, or forty eight million people. Unless and until we have this number attending schools, we cannot begin to talk of national prosperity.

Therefore, if we mean to make our country strong and prosperous, we must endeavor to make our education as universal as possible. Although the path of promotion is strewn with difficulties, because of lack of funds, yet we must overcome them. If we strive to cut down the superfluous army, practise rigid economy, and apply the plan of the Ministry of Education which is to establish schools place by place and year by year, the goal is not impossible to attain. For instance, let there be two hundred children in each school and let the yearly expense of each school be \$1,500. Then there will be 140,000 schools for twenty eight million children and the annual expenses will total \$210,000,000. Now, this outlay may appear staggering to us, since to-day our total revenue for the whole country is less than \$400,000,000. But primary education comes properly within the province of district government. So, if we divide this outlay among the 1,800 districts composing the

entire country, then each district would be supporting seventy-seven schools at an annual expenditure of slightly over \$100,000. Later when the local self-government system is properly organized, and there is a definite demarcation between local and national taxes, such a sum from each district ought to be forthcoming, especially as by then the local industries will have been greatly developed.

An attendance of seven per centum of the entire population in primary schools is far below the standards of other countries. For the present let it be the goal towards which we shall work, and at the same time if we shall establish a proportionate number of higher schools, in two decades, we feel certain that we shall meet with results which will astonish us. Therefore, the question is not whether we can or can not do it, but whether we will or will not. If we will, then all must co-operate to make it a reality. Now is the chance of a lifetime. Will we strive together to make use of it for the national good? This is the second suggestion which has occurred to us if we wish to extend the scope of our education.

III. Promise of a New China.

Generally speaking, if a person has no high ambition, he will accomplish very little in life. Similarly, if a nation has no high ideals, it too will gradually deteriorate. On the other hand, if the ambition or ideals so conceived are unrighteous, then the result will likewise be disastrous whether for the individual or for the nation. These are axioms which have been proven true by the history of the world over and over again.

What, now, is the ambition of our nation? Previous to the Revolution of 1911, the leaders of the country dedicated themselves to reforms in the form of government. They were deeply impressed by the democratic ideas of the West, and felt dissatisfied with our own backwardness. Their efforts finally culminated

in the overthrow of the Absolute Monarchy and the establishment of the Republic. At that time the people seemed to have reached the height of their ideals. There was a let up, and reaction took place. A popular impression became prevalent that our national ambition had found ample realization in the success of the Revolution, and no more was left to be done.

With this realization of the old ideal, with no new ambition to take its place, an intellectual disorganization began to set in. The old principles and beliefs had lost their hold, while new ones were yet to be taught. Different people had different kinds of ideas; what one set of men believed in, another discredited entirely. There was no definite goal to approach in the reconstruction work, no generally accepted rules of thought and action. This state of things, which has existed until the present day, constitutes perhaps the chief cause of our internal disorder.

Meanwhile, all the Western nations, being stimulated by the great task of post-bellum reconstruction, are exerting their utmost to better the conditions of the world at large. It is impossible for us alone to remain indifferent and apathetic. Our people must cherish some new ambition in harmony with the general tendency of world progress as well as with the particular requirements of our own country. This is why we consider it absolutely necessary to outline certain programs which we should adopt with regard to our industrial and educational development. In the former our ambition should be to develop extensively our natural resources so as to supply not only our own needs, but the needs of the whole world as well. In the latter our aim should be to encourage the virtues of thrift and industry to make solid the foundation of our national character on the one hand, and to promote universal education through the establishment of an adequate number of primary schools on the other. It is our hope that these suggestions, simple as they are, will serve to direct our people to some definite line of constructive work.

In ancient times, the strength of a nation was gauged by the size of its army: today it is measured by the quantity of its economic resources. This fact has been effectively demonstrated by the recent war. Though Germany was credited with possessing the best fighting machine in the world, yet she was defeated in the conflict because her economic strength was not equal to that of the Allies. All kinds of wars, in fact, are at bottom no other than a struggle for existence, in other words, a struggle for material things to supply human wants. Such being the case, nations rich in material resources have it in their power to maintain the peace of the world, and consequently should be duty bound to do so. As China is one of such nations, it behoves her to make wise and judicious use of her vantage ground, and thus contribute to make peace durable. This, therefore, is the first promise of a New China.

According to the second part of this chapter, the utmost we can expect of our schools in the near future is to provide education for 12 per centum of the whole population. This is not a high ideal, by all means. Yet, considering the size of our population, 12 per centum would mean 50,000,000 people, which would be equivalent to half the population of the United States, the whole of Japan, and more than the whole of France, Italy and other countries. With fifty million intelligent citizens, the Chinese nation would be a most important factor in promoting civilization and welfare in the world. The New China would be able, in conjunction with the other Powers, to uphold the peace of the world and make it a better and happier place for posterity to live in.

CHAPTER III.

The Key to Permanent Peace.

As citizens of the Republic of China we earnestly hope that our country will always be at peace. Similarly, as citizens of the world commonwealth, we earnestly hope that the world will always be at peace. For in these days of short distances, the welfare of every part of the world is dependent upon that of every other part. Thanks to the multiplicity of international intercourse, and thanks especially to the use of electric and steam appliances, the world is made smaller every day. The ages of splendid isolation are over; and if one part of the world is in danger to-day, other parts will also be immediately affected. Thus, if one country desires to remain at peace, it must also respect the peace of other nations. So simple and plain is the truth; but it has remained for the recent war to emblazon it in conspicuous letters. This is the lesson which the recent belligerent nations are now taking to heart, and it is that which we who are in the Far East need especially to ponder over.

We have stated that after the war the Far East will be one foremost economic mainstay of the world, because of its wonderful possibilities in the way of supplying raw materials and also as a vast market for absorbing the world's manufactures. So above all sections of the world, this should be the one place the peace of which should be safeguarded. At the same time, because of the numerous possible factors for disagreement occurring therein, it is also a fertile ground for breeding international controversies, if not open conflicts.

If, henceforth, China should return to her ancient life of seclusion, excluding all comers and refusing to develop her natural wealth, utterly oblivious of her duties towards the whole human race, then we are to blame. If, on the other hand, China

henceforth would live in friendly intercourse with the rest of the world, and develop her natural resources so as to supply the world's real needs; but some other nations, for selfish reasons, should refuse to render her assistance in good faith, or seek to obstruct her progress by raising unfair oppositions, or frequently harrass her that she may not have time to be established on her feet, or seek to erect mutually exclusive spheres of influence or spheres of paramount interest—all with the purpose of virtually closing China's door to the rest of the world—then such nations will not only have to justify to every Chinese their ambitious conduct, but also have the burden to prove to the whole world that they are not the enemies of the entire mankind. Nations have just learned the lesson from this War to discredit policies of aggrandisement by military force. But policies of mutual strangulation by economic means are not improvements. Moreover, the weapon is by no means exclusively in the hands of any single nation. Any nation that fires the first shot of an economic war, will surely find herself soon the target to all other shots. So, it is to the interest of all nations to have economic co-operation instead of economic conflicts. Therefore, we must fall back on the proposition that the key to permanent peace lies in (1) whether our policies of national construction hereafter could be in harmony with the wishes and tendencies of the world at large, (2) whether foreign Powers, in their policies towards China, will follow what they profess in good faith. In the Introductory Chapter of this volume, we have discussed at length that a policy of economic co-operation is superior to that of economic rivalry. This is because that the present world conditions so demand it. Our conclusions so far are based solely on a study of economic conditions. But, if we should examine the political, the social, and the cultural aspects of the problem, we should be all the more convinced that friendly co-operation and mutual preservation is

the only attitude that Eastern and Western Civilizations should take in the future—China and other world Powers in particular. That is the only road, and no other, that will lead to permanent peace. To substantiate our contention, we submit the following observations:

I. Of the Political Aspect

The so-called Near and Far Eastern questions have for a long time been puzzling and popular ones for gossip. The Near Eastern question is now settled; gossipers begin worrying about the Powers' next moves towards the Far East. The bugaboo is, however, not so very wellgrounded. The Far East cannot be compared with the Near East. In the extent of territory, the wealth of natural resources, the vastness of population, the stability of civilization, and the multiplicity of interests and complexity of international relations, the Balkan States have nothing to match Eastern Asia. If the Balkan question could cause so much bloodshed over its non-settlement, how much more would the Far Eastern problem create? If the Powers have learned the lesson from the recent War, as we believe they have, surely they will not follow the lines of action that will develop much more horrible tragedies than what has yet been witnessed. If so, then, what could be expected of the Powers would only be harmonious action, co-operation, and mutual assistance.

As regards the causes of the recent War in Europe, there are many. But the chief reason seems to be the conflict of interests among Russia, Great Britain and Germany in the Near and Middle East. Russia wanted an outlet from the Black Sea through the Dardanelles, so she assiduously propagated the doctrine of Pan-Slavism in the Balkans. Germany, on the other hand, wanted to expand as far as the Persian Gulf by means of her Berlin-to-Bagdad Railway; so, too, she tried hard to spread her doctrine

of Pan-Germanism. In either eventuality, whether Pan-Slavism or Pan-Germanism should prove to be paramount, England's influence in the Mediterranean and in especially India, will be seriously endangered. So England exercised the utmost vigilance and adopted adequate measures to counteract any untoward emergency. Thus the three opposing interests centred in the Balkans, and thus arose the Titanic struggle of the last four years.

The Balkan Peninsula occupies only a small area in south eastern Europe, and the countries interested therein are confined only to European Powers. Therefore, the War was actually localized in that continent. Besides, because of geographical and other conditions, the naval battles were limited to irregular submarine operations, and there was no real large-scaled naval engagement with battleships and dreadnoughts. If unfortunately one day the Far Eastern question can only be settled by the arbitrament of arms, then the resultant holocaust will involve nations of all the continents, and the theatre of hostilities on land as well as on sea will be extended thousands of miles. The losses will be indescribable. The vanquished may be left out of consideration ; but even the victors will be none too strong at the end of the conflict, since wars in this Twentieth Century are exhausting to the victors and the vanquished alike.

We take no pleasure in presenting this harrowing picture when the world peace has just been restored. But we must agree with the determinists in believing that as we sow the seeds so we shall have the fruit. Wisdom does not consist in refusing to see a dangerous situation but in working to avert one. So to insure a lasting peace for the future, we must begin at once to lay its firm foundations. If in benefiting ourselves we can also benefit others, so much the better. If not, we ought at least to seek to benefit ourselves without injuring others. For, to benefit ourselves at the expense of others will usually bring disasters to all.

The political centre of gravity is already shifted to the Far East, and it is high time that all who have the interests of their country at heart should pay the closest attention to the maintenance of this equilibrium. They should see to it that by their actions, it is not the immediate interests but the permanent welfare of their country that is served. We all love peace, we talk and advocate peace; but of real and lasting peace there will be none until we have firmly and solidly laid its foundations. There must be a harmony of interests and a sincerity for co-operation among the nations, otherwise conflicts will result. Therefore it behoves all far-sighted statesmen, who are working for the best good of their nations as well as for the advancement and happiness of mankind, so to shape their policies that conflicts of interests among nations will be reduced to a minimum. There is no problem of the Far East, unless the Powers make one. Nor is the problem even now insoluble. If nations resort to the policy of mutual assistance instead of one of mutual destruction, then nothing will ever disturb the peace of the Far East or the world harmony. We believe that the leading statesmen of the other Powers see the issue as clearly as we do. Thus, from these observations of the political aspect of the question, we also come to the conclusion that co-operation, and not rivalry, is the necessary solution.

II. Of the Social Aspect

Some 103 years have elapsed since the industrial revolution began in England, when machinery supplanted hand labor. Since then, manufacturing industries have flourished in Europe and America, and there has arisen the laboring class. As the laborers who toil at their work number by the thousands, they could not come in contact with their employers. All that the latter know is to pay the wages agreed upon. Should accidents

happen to the laborers or should they be taken ill, the employers usually do not feel concerned. They are treated as if they were part and parcel of the machinery of the workshops or factories. The supply of labor being in excess of the demand, there are no fixed wages, and the workmen may be discharged at any time. Now, all this is in great contrast with the former industrial conditions when all labor was done by the hand. Then the capital was small, and the employer was often his own employee. Even if there were employees, the relations between employer and employee were cordial and intimate, almost partaking of the nature of those subsisting between father and son. The chances of earning a living were not so precarious as they are to-day, and social conditions were at least tolerably stable.

Such being the case, even before the War various nations attempted to ameliorate the labor conditions. For instance, laws were passed compelling the employer to insure the safety of his employees by providing medical assistance and sanitary safeguards, while those incapacitated by accidents in the course of employment would be compensated by the employer with a pension. In this way there is more protection for the laborer. On the other hand, the laborers themselves are now better organized. They have their trade unions to look after their interests and there are exchange bureaus to help them find employment. In their contracts of service the exact conditions of labor are specified, e.g., the number of working hours, the minimum wage, the method of payment, etc. The contract binds both parties, and if the employer fails to perform his part of the bargain, the employee can secure redress in a proper tribunal, and *vice versa*.

Whether the conditions of earning a living are easy or difficult of course depends upon the vicissitudes of time. Nevertheless, it is true that despite the above mentioned efforts to ameliorate the position of workmen, there is still much inequality and dissatis-

faction. With the conclusion of the War the labor elements have begun to assert their rights and claim their dues. During the War they did their share to serve their country—as soldiers, as tax-payers, as special constables, as war-workers, etc. So now they consider themselves entitled to more generous treatment from the country, especially as they had been getting only one-thousandth part of what the employer has got. Preaching the sanctity of labor—labor as the mother of all industries—they now agitate for equal participation of profits with the employer as well as participation in the management of the industries themselves. The inequality complained of is real, not imaginary. So the International Labor Conference of the League of Nations recently sat to deliberate upon the subject.

In other words, the War has upset the former industrial equilibrium, and men are now trying to restore the equilibrium on a new footing of justice and equality. The effects of the War are far-reaching, and most nations are involved in the disturbance. But it seems that China is comparatively immune from its repercussion.

China's population being dense, the industrial problem has not been one of scarcity of labour but rather one of inequality of opportunity. Hence all through the centuries the economic maxim has been to provide equal opportunities for all, and whatever one may say of modern labor conditions, it is yet noteworthy that there is greater friendly co-operation between employer and employee in China than in the West. For example, in the commercial and industrial lines, the employer of a large firm or factory will personally look after the business. He will go around the workshop or premises and note mentally the efficiency of each employee, since each employee is entitled to a share of the bonus at the end of the business year. This bonus is generally apportioned with seventy per centum to capital and thirty per centum to labor.

At the end of the year the accounts will be open to the inspection of the employees, and whoever has any question to ask may speak out his mind. There is thus almost perfect co-operation between the employer and the employee, and naturally every employee will do his best for the business. The latter is interested in its prosperity and so will be honest with his employer. Thus China has practiced a system of profit sharing and joint management between capital and labor for some time, though of which the doctrines are comparatively new in the West.

Or take our agricultural system, which is based on small landholdings. This is a great contrast to the system of the West under which a few wealthy capitalists monopolise the land. Such monopolies always work hardships on tenants. It is why in recent decades there has been so much bitter feeling between the landlord and the tenant in Europe, feelings which often resulted in much bloodshed, as in the case of the First French Revolution and in the present Russia. And this is also why far-sighted men in the West before the War sought to avert the catastrophe by advocating the breaking up of large estates into small landholdings. Unfortunately the War came too soon and the large landowners paid the penalty. Vast estates are now everywhere being broken up and unhappy Russia is still in the throes of its troubles. The world refers to the Soviet government in Moscow as a government of the Proletariat and Peasants because the revolution in Russia was brought about by the conflicts between the landlord and the tenant, the laborer and the capitalist. Nevertheless, the world is already convinced that the true foundation of a society can only be laid when agricultural opportunities are equalised among many rather than monopolised by a few individuals.

Or again, take the giving of charities, which has from time immemorial been regarded as one of the rich man's social duties. In the West, the philanthropist who gives freely to the poor is

praised for his generosity: but he incurs no public opprobrium if he chooses not to give. In China, however, for a wealthy man to give is only accounted a performance of his duty. He will be condemned if he spurns the poor man from his door. Examples of popular approval or condemnation are too numerous in Chinese literature; hence the giving of alms as well as assisting the destitute is a well-established social duty.

This social code is accentuated by the Chinese family system, since those who can are expected to assist their needy relatives. No doubt such generosity may be abused. For example, it may breed social parasites who prefer to live on a relative's charity rather than work honestly to support himself. It may lessen a man's sense of self-respect and independence. Not infrequently some rich and able men are so much handicapped by their parasitic relatives that they fail to achieve the greatest successes in their lives, which are otherwise within their reach. Thus, it rather hinders social progress. Nevertheless, from the standpoint of human relationships paternalistic solicitude is more humane than stoic indifference to poor relations. Also from the standpoint of society in general, the Chinese system is a more effective method to preserve the social equilibrium, since it tends to assuage the sharp contrast which otherwise would exist between the wealthy and the poor.

To such an extent, the Chinese system is a decided improvement on the Western model. In the West the social equilibrium is in danger of toppling over, despite the state's powerful efforts to maintain it by means of proper legislation. In China, however, the equilibrium is as stable as ever, just because the people themselves, aided by their family system, provide the necessary supports. Will this same equilibrium remain unchanged, it may be asked, when China of the future proves to be as prosperous industrially as the West? The labor conditions are at

present more simple than complex, and the relations existing between capital and labor are more paternal than business in character. How about later when labor in China will also resemble labor in the West, with its powerful trade unions and mighty influence for good or evil? In our opinion the answer can be summarized as follows: The Chinese as a race possess a great deal of common sense. Circumstances may change and conditions may alter, but age-old traditions and customs certainly will not change so easily. If the beneficent social traditions that exist to-day should be ingrafted into the industrialized China of tomorrow, as we believe will probably be the case, then it will be China's contribution to the world to form the first exemplary body politic free from bitterly antagonistic economic classes. Therefore, it is not inconsistent with the interest of the other World Powers to assist us in our endeavor to improve our economic development, which can only result in our contributing more to enrich their well-being at the same time.

Otherwise, to persist in the ancient policy of economic spoliation on their part, is eventually, to court grave disaster. A capitalistic domination of the West over the laboring East means a reinforcement of their own unmanageable and already immensely overwhelming majority class of the Proletariat with an additional one-quarter of the entire human race. Conceivably, such a new situation would hardly strengthen the position of the capitalists as a class, if not hastening their downfall and bringing about social chaos. Should the latter happen, it would be unfortunate to China and to them alike. Therefore, from social considerations, we also conclude that the Powers should cooperate with China.

III. Of the Cultural Aspect.

Generally speaking, there are two different types of culture in the world, the Eastern and the Western. Each has its merits and

demerits, and the task is how to combine both into one harmonious whole. If before the War the need of such harmony was not felt, it is now only too evident after the War. The peace of the future depends on it, and to harmonize the two, all men must now bend their energies.

The Western culture is, for the greater part, a material civilization, although it has also its spiritual side. Greater emphasis is laid on things visible and tangible, and the key-note of progress is competition. Thus, trade and commerce, industries and manufactures, are said to grow only by competition. The Darwinian doctrine of the survival of the fittest is most representative of this type of mind. Individuals and nations of this type of culture, are prone to consider that to work for material gains is the supreme task of existence. All thoughts and activities spent for industrial efficiency and for economic expansion are all, in short, the products of this school of materialistic philosophy, which in turn breed conflicts that recently developed into a World War in Europe. The truth of this statement cannot be denied if one examines without bias the history of Europe of the last hundred years or so.

The Eastern type of culture, on the other hand, lays more emphasis on the immaterial side of civilization, and the key-note of civil tranquility is self-control and mutual submission. The morality of every act receives more consideration than the success or gain. The teachings of Confucius about meekness, kindness, mutual reverence and mutual submission in conduct is most representative of this type of culture. Since time immemorial, the savants of the country have always given self-discipline and self-control an important place in education. Self-contentment, loyalty and obligation are the principles to guide life. People of this type of culture are easily made socially harmonious and politically cohesive, but they are negligent of the progress of the physical side of civilization.

Since the middle of the Nineteenth Century, the stronger aspect of the Western civilization has been developed to such a dazzling height that when the Eastern and the Western countries are brought together, the weaker aspect of the Eastern civilization is most conspicuously exposed to day light. For self-preservation and for the general advancement of mankind, we of the Eastern culture admit the necessity of adopting certain parts of the Western culture. But the question of adoption is certainly not a one-sided one. The West has likewise something to adopt from us to amend their defects. For example, if Europe and America after the War still believe in the same materialistic philosophy and follow the same policy as before the War of making gains at others' expense, then it is not conceivable that the world could avoid second and third wars. It is equally inconceivable that such policy could be changed in sincerity without to some extent adopting the Eastern ethics of self-denial and mutual respect. In a word, unless the West adopts the Eastern philosophy of how to live and the East adopts the Western methods of how to make a living, all such things as "permanent peace" and "international equality" will remain absolutely unattainable ideals. Therefore, we said, to harmonize the Eastern and the Western types of culture is one of our greatest tasks after the War.

Thanks to the lesson from the awful havoc of the recent War, men's hearts have been sickened by the horrors of bloodshed. So the West is now more sober and more disposed to take in what is the essence of Eastern culture to amend their own defects. Movements toward that direction seem already afoot. As China was the leading originator of the Eastern culture and is the only one among the rest that still continues to exist, so what is called *Eastern Culture* in its best sense, is in reality *Chinese culture*. The recent establishment in the Paris University of a School of Higher Chinese Studies as well as the American libraries' proposal to

exchange ancient literature with Chinese libraries are all unmistakable evidences that the West are earnestly learning of the East. On the other hand, our people are no less alive to the situation on our side. The state of seclusion is no longer our cherished ideal, and we are also learning of the West in developing our industries with a view to supplying our own needs as well as the needs of other nations. We send abroad students and visiting parties every year to carry home what is best of Europe and America. The War has demonstrated as never before how very closely interdependent it is between the West and the East. It has profoundly awakened both sides. The opportunity has never been so favorable for bringing the two types of civilization in full harmony. Having agreed that it is an urgent task, it may be asked who is most competent to be the harmonizer? Our answer is, China and China only. China is the Eastern Culture. The duty of harmonization is necessarily China's. We have to ingraft Western civilization into our own; for a spiritual and ethical civilization cannot last unless there is sufficient economic development for its support. Similarly, we have to disseminate our culture in the West; for the ultimate result of the materialistic philosophy will endanger the entire world including our own nation. Therefore, whether from motives of self-preservation or from altruistic motives, we believe our people will perform their mission most faithfully. With the most competent qualifications and the most faithful performance China will be able, we hope, to accomplish this most beneficial task in the shortest possible time. If so, what the world hopes from China will not be limited to the supply of raw materials, the consumption of its manufactures or the investment of its surplus wealth. She shall be one of the cornerstones on which the edifice of the world's permanent peace shall be built.

CHAPTER IV.

Our Hopes for the Future.

What we have said in all the preceding chapters must have convinced the reader that the key to international peace lies in economic and educational co-operation. So whatever helps to bring this about must be encouraged, and conversely, whatever tends to obstruct its progress must be suppressed. We therefore conclude our discussion by the expression of two earnest hopes—one with regard to our own people, the other with regard to our foreign friends.

I. Our Hope on the Nation.

As a nation our duty towards the rest of the world is to increase our national strength so as to contribute our share towards the maintenance of the world's peace. But this requires time, money and energy; above all, it requires whole-hearted support from all people in the country. For this reason we earnestly hope the nation, one and all, will strive to cultivate a feeling of national unity, the ability of self-development, a regard for common welfare, and a sense of individual responsibility.

During the recent War in Europe the people standing behind their armies and navies were all united as one man. To reinforce their fighting soldiers and sailors they "carried on" at home and delivered the goods at the front—namely, men, money and munitions. There was no distinction between sexes or classes but men and women, rich and poor, young and old alike stood solidly behind their brave lads at the front. As the grim struggle wore on and the supply of raw materials, etc., became depleted, they gladly submitted to be rationed by their governments and promptly subscribed to the "liberty loans". The second provided the "silver bullets" and the first reserved the best food and nourishment for the soldiers and sailors. The Government took over the control of the public utilities and appointed food, fuel and other

controllers. Utmost economy was enforced and no waste of any sort was tolerated. The odds at stake were too momentous to admit of dissension or indifference; so one and all fell into line and united in common defence.

This is how the Allies won the war. Now the selfsame nations are striving to recuperate their crippled strength and liquidate their war debts not only by redoubling their production efforts but also by continuing some of the war-time restrictions—to prevent waste and promote greater efficiency. This is possible because the people are united; for whether at war or in peace the secret of national success is the same. On the contrary, when there is no unity, the nation cannot stand. In Russia under the Tsarist régime the classes were in constant conflict and in Austria-Hungary the races were kept apart; the former has been overthrown and the latter is disrupted by the establishment of many separate nations.

Here is a useful lesson for our nation. For a number of years the Republic has been divided into two rival camps and we stand before the world as a nation torn by internal strife. This can now no longer be suffered to continue. For the North and South are inseparable parts of the Republic, and those called upon to fight against one another are all members of the same race. If the strife continues, it will affect not only ourselves, but other nations of the world as well. We should emulate the spirit of belligerent Europe and America, and stop fighting among ourselves. National unity, therefore, is the first object which we should try to attain.

In an age of national seclusion it might be comparatively inconsequential if the bulk of the people were uneducated, for a few clever men by judicious administration might bring peace and happiness to the country. To-day, however, such a situation can scarcely be repeated. The world is getting daily smaller and nations are more and more interdependent on one another. Be-

sides, this is an age of democracy and everywhere men and women are beginning to realize their intimate connections with the state. Whereas governments used to count in the council of nations, to-day those who really count are the peoples themselves—the real sovereigns of the nations. Hence the prosperity or decay of a state as well as the progress or retrogression of the world at large depends on the intelligence and character of the people. An ignorant and immoral people will be of little avail either in strengthening their own country or contributing their quota to the world's progress. From either point of view, therefore, the development of personal character and intelligence is of great importance, and dedication to this task is not selfishness, but patriotism *par excellence*.

In recent years our people have been either too apathetic or too impatient. What can just be tolerated will not be remedied, and what others accomplish by hard labor we want to secure without effort. For these reasons we have achieved little progress in education or in industries. Henceforth we must begin a new chapter and cultivate anew the old virtues of industry and perseverance. Without these we cannot bring about national prosperity; without these we cannot raise our intellectual standard; and without these there is no personal character. The future of China depends on her people, and every one of us must be conscious of the importance of the part we are going to play.

In these modern days the promotion of great undertakings requires the co-operation of a great many people. Hence scholars, agriculturists, manufacturers and business people all organize themselves to work for some common purpose and promote certain common interests. It should never be their aim to conspire against other organizations or to attain one's own selfish ends. For example, the organization of a political party should concern itself mainly with national politics, and not interfere with local

self-government or with trades and industries. The former is the basis of all forms of government and the more independent it is of national politics the better it will be for the country. As to the latter, they should be placed entirely outside of the sphere of political squabbles. Nothing can be worse to industrial development than discrimination and favoritism due to difference or similarity in political affiliation.

Similarly, in internal business administration, partisan feeling should never be allowed to have free play. In the election of directors and managers as well as employment of men and assistants, the criterion should always be the ability of the persons elected or employed and not the social and political connections they have. Above all, they should not engage in mutual conspiracies for selfish purposes. In recent years many Chinese companies have had to suspend operations after being organized for a short time. During this transitional stage, owing to lack of experience, such failures may be inevitable, but it seems that the persons responsible for their management have also been guilty of partisan feeling and nepotism in the engagement of assistants and employees. Such abuse of confidence not only reacts on the character of the individuals concerned, but also deters future comers from embarking on the same enterprise. In this way the injury done towards retarding the progress of our commercial and industrial development is by no means small. This is why our people need to cultivate the public spirit and cooperate with other men for the promotion of their common welfare.

Duty is a very wide word indeed. To obey the laws and assist the government is a duty towards the state. To associate with and assist one another is a duty towards one's fellow-men in society. To be filial and fraternal is a duty towards one's own relatives. And to cultivate virtues and form right-minded ambitions is a duty towards one's own self. In addition there are other special duties. In the case of officials there is the duty of

diligently discharging the public functions entrusted to them. In the case of military men there is the duty of defending the country and protecting the people. In the case of friends there is that of keeping one's promise and observing good faith. And in the case of students there is that of studying assiduously and making the best use of their precious time. In fact, in all his relations a man has some proper duty to perform, even in that between him and the lowest forms of creation. Hence all manner of problems and questions may be comprehended within the one word DUTY.

In this world every man has some work to do, whatever may be his station in life. The undertaking may be great or small, and the work may be either mental or manual, but his responsibility is precisely the same—namely, that of conscientiously discharging the duties involved. If every individual is loyal to his work, then every undertaking or enterprise will be crowned with success—from the smallest which concerns one's own person to the greatest which concerns the whole universe. This is why our sages and philosophers have said that every man is responsible for the prosperity or misery of the world.

Our ancient publicist Kuan-tsu has said; "Scholars, farmers-artisans and merchants—these are the four classes of people. If any one of them is lacking, then the country cannot exist". Now if nobody discharges his proper duties, then scholars will not be scholars, farmers will not be farmers, and so on with artisans and merchants. Then the four classes will all disappear, and the country will cease to exist.

Nowadays men speak of rights and privileges; for example, A encroaches upon B's rights, or C robs D of his privileges. Now *duty* and *right* are relative terms. If we perform our duties, the rights and privileges will come naturally. Even if the latter will not come, we have the satisfaction of having discharged our duties, and this self-gratification is a consolation which is worth

far more than anything else. Nobody in the world can rob the rights of one who has performed his duties, and this is true of individuals as well as of nations. This is why it is so essential to cultivate the sense of individual responsibility.

Here we have the four things which our people should try to cultivate if we wish to build up a new China. Unless we bestir ourselves and succeed in attaining these, our efforts are bound to come to naught, however wise may be our national policies and however elaborate may be our reconstruction plans. We hope, therefore, the nation will take them seriously to heart.

II. Our Hope on the Friendly Nations.

Before we proceed to set forth our hope on the friendly nations, we will briefly note the latter's hope on us. With the cessation of the War in Europe, those who desire peace in the world generally hope that China will make quick progress in her political and economic development. For if our political development is properly carried out, we shall eventually become a guardian of peace in the Far East and in that way obviate the possible danger of another Great War. Similarly, if our economic development progresses steadily, other nations will have a field to invest their surplus wealth, to buy their raw materials, and to market their surplus products.

These hopes have been expressed again and again in foreign newspapers both in China and abroad. They are quite reasonable and none too sanguine. At the same time, it is necessary to bear in mind the facts that the causes of our political and economic backwardness are partly within our control and partly beyond it. As for those that are within our control, we ourselves can remedy them, but we must rely upon the friendship of other nations to remove those causes over which we have no control. The latter consist of so many obstructions to our political and economic development—namely, the so-called "Spheres of Interests", the

Boxer Indemnity, Extraterritoriality, and the Treaty Tariff. These we shall now consider one by one.

A. Spheres of Interests.

As originally conceived, the doctrines of "spheres of influence" and "spheres of interests" were applied to European protectorates and other inchoate possessions in Africa. It has never been applied to countries which are sovereign or independent. A few years ago China agreed with several Powers that certain portions of its territory would not be ceded or alienated to other nations. Such declaration simply meant a reaffirmation on China's part of the integrity of Chinese territory. Unfortunately, the agreement was often misunderstood and hence arose the talk of "spheres of interest", which an independent Republic can scarcely be expected to recognize. Again, several Powers have agreed among themselves to adopt certain action in respect of China. As we have never been consulted in the matter, we can scarcely be expected to consent to be bound by such agreements.

The policy of marking out special spheres of activities for different nations is harmful because, in the first place, the "favored nation"—that is, the state in favor of which China's declaration was made—meeting no competition from other sources, is apt to have in view only her own exclusive privileges and neglect the interests of the local inhabitants. Hence in the disposition of her funds, the purchase of materials, and the employment of technical experts within such spheres, the procedure adopted is usually abnormal and tends to retard the proper development of the undertaking concerned. Numerous cases may be quoted which will demonstrate the harmful results of such a policy of exclusion to local development.

In the second place, if a Power possesses such a sphere and enjoys the exclusive preferential right to construct railroads, open mines and develop other industries, then it will monopolise the

economic privileges of the localities concerned, and this is diametrically opposed to the doctrines of the Open Door and Equal Opportunity.

Thirdly, such monopolies possessed by one Power will excite other nations' envy and the latter will seek to emulate them. If so, opposing interests will be set up in China and the seed of future conflict be sown. It is a fruitful source for international suspicions and quarrels, and may eventually jeopardise the world's peace.

If the friendly nations mean to be honest with themselves, they should respect China's sovereign rights as well as other nations' commercial opportunities in our country. To continue to claim "spheres of interest"—or to be more exact, spheres of preference—is a short-sighted policy; it will obstruct our normal economic development, and make our people suspect their good faith. Therefore, such pretensions should be at once relinquished, and by that means the Powers will not only help China, but will also protect themselves from future possible conflicts with other nations.

B. The Boxer Indemnity.

China's foreign debt began in 1867, when the Central Government had occasion to suppress secessionist disturbances in Ili, or Chinese Turkestan. Later followed borrowings to pay off the military indemnities due to England, France and Japan. There were altogether seven public loans up to the Boxer troubles, but they totalled only about £50,000,000. After the Boxer troubles, however, the Powers imposed an indemnity of £67,500,000, equivalent to 450,000,000 Haikwan taels. Thenceforth commenced China's financial embarrassments.

As all foreign historians have admitted, the enormity of the Boxer indemnity was partly meant as a form of punishment for the Boxer madness. The method of payment as well as period of

duration was fixed upon with a view to the country's annual receipts, which, after setting aside a sum sufficient for administrative expenses as well as the payment of prior loans secured on the customs revenue, would be devoted to clearing off this huge indebtedness. As the prior loans were to be gradually paid off, the annual balance for the liquidation of the Boxer indemnity would become greater. Therefore, the yearly instalment for paying off this indemnity was stipulated to be three million pounds sterling for the first few years and then gradually increased till it would reach something like £3,250,000 in 1940, when the total indebtedness would have been paid off. The idea underlying the amortisation arrangement seemed to be to give China enough revenue to carry along within forty years, but yet not too much to enable her to repeat attempts of a similar nature.

Now the Boxer troubles were not the deliberate acts of the whole nation. Rather they were the acts of semi-religious fanatics, aided by a few irresponsible officials. Not caring what they were doing, they forgot China's responsibilities towards friendly nations, attacked the foreign legations, and even assassinated a foreign envoy. Such guilt, of course, is a gross breach of international comity and no sane person will defend it. On the other hand, the acts involved in such breach were at once condemned by the Chinese people themselves. Hence in the Capital many right-thinking officials courageously protested against the excesses, and in the provinces many leading statesmen took it upon themselves to protect foreign life and property. If the culpability of the Boxers and their adherents were to be saddled upon the shoulders of the bulk of the population, it certainly is an act of injustice to the innocents. Many foreigners themselves have even admitted that the Boxers' anti-foreign excesses were not uncalled for; at any rate, they knew that

for such acts the whole Chinese nation was not to be blamed. Moreover, the people at large have since then learned to be more friendly and more hospitable towards resident aliens. Knowing that the Boxers' excesses were due to the existence of a large number of poor and ignorant people, the nation has endeavored to educate the masses and develop the national resources. This would accomplish the double object of giving peace to the country and cementing friendly relations with foreign nations. Unfortunately, the annual instalments earmarked for the Boxer Indemnity have been the greatest impediment to our industrial progress during the last twenty years, since the financial drain upon the country's exchequer is so great. Hence if the Powers wish to assist China, they should be generous enough to waive the balance of this heavy indemnity.

The China of to-day is different from that of yesterday and her willingness to protect foreign life and property is no longer questioned by the foreign nations. On their part, one country—namely, the United States—has remitted the balance of the Boxer Indemnity due to it. This act of generosity is greatly appreciated by us and the Chinese government is devoting the proceeds to provide for education of students in America. Opinion in the other countries—for instance, Great Britain, France, Italy and Japan—have also been in favor of emulating the United States' example. If this admirable intention is carried out, then the proceeds will be useful in pushing forward our educational progress and developing our natural wealth. In this way the intelligence of our people will daily be increased and the economic conditions of the country will become easier. If so, the peace of the Far East will be safeguarded. On the other hand, if such assistance were not forthcoming, our financial stringency would be further aggravated and industrial development would be retarded. China's exports are always below her imports and

the yearly discrepancy between the two values is at least one hundred million dollars. If this state of things should continue, our purchasing power would be so reduced as to make China a very poor market for foreign goods. If so, the withholding of the needed assistance would react to the disadvantage of the Powers no less than to that of China.

C. Extra-Territoriality.

Extra-territoriality in China began with the Anglo-Chinese supplementary commercial treaty of 1843. At that time, there was a considerable difference between Chinese and Western laws and our judicial system was imperfectly organized. Hence the temporary makeshift of extraterritorial rights in favor of foreigners residing in our country. In recent years we have tried hard to reform our judicial system after the Western model, and although we have not succeeded completely in our efforts, certainly we have gone a long step forward. It is earnestly hoped, therefore, that the rights of extraterritoriality will soon be abolished, so that China's jurisdiction would be perfect and complete within her territory, her laws would prevail over the whole Republic and her system of government would be unified.

Should extra-territoriality be allowed to continue, there would be an *imperium in imperio* within China's territory. This exercise of alien authority has adverse effects on the administration of the nation, the preservation of law and order, and the economic development of the country. Suppose a foreign merchant in the interior commits an offence. According to the treaties the local authorities can only detain him and escort him to his nearest consul, "but they cannot ill-treat him." Such procedure occasions great delay, especially as the locality within which the offence is committed might be very far from the nearest consulate. If China could exercise direct jurisdiction over him, like over ordinary Chinese merchants, then he would be amenable to the

laws safeguarding the country's peace and order. The procedure would take less time, which would also be more convenient to the foreign merchant himself. As it is, however, the greater part of the country is closed to foreign traders. So even from the point of view of aliens, more advantage will be gained from the abolition of extraterritorial rights, as the whole country would be thrown open to foreign trade and residence, instead of the present restriction to a few treaty ports along the coast and rivers.

In 1902 Great Britain agreed to help China reform her judicial system and at the proper time to relinquish her extraterritorial rights, and in the following year, this was followed by the United States and Japan. This shows that several foreign nations have already formed the opinion that extraterritoriality would only be shortlived. In November 1919, this subject was discussed by the British Chambers of Commerce Conference held at Shanghai. In their judgement the abolition of these treaty rights would confer great benefit on their trade and residence; so they decided to petition the British Government to give China the assistance promised in the 1902 treaty. Similarly a prominent Japanese newspaper in Tokyo remarked that extraterritoriality ought to be abolished, and that Japan should urge the other Powers also to agree to such abolition. For, it concluded, with the continuance of the present régime the existing gulf between treaty ports and the interior would be impassable, the investment of foreign capital would be restricted, and China's international trade would be hampered.

Having studied the conditions and opinions both at home and abroad, the Chinese government last year decided that no new nations negotiating treaties with the Republic would be granted any further rights of extraterritoriality. This attitude has been endorsed by intelligent publicists in all countries, and if the experiment after a few years proves satisfactory, it is earnestly hoped that the various Powers which at present are enjoying such

rights will agree to relinquish them. Then China's exercise of jurisdiction over its whole territory will be complete.

D. Treaty Tariff.

The customs tariff at present in force was originally drawn up under the Anglo-Chinese treaty of Nanking, 1842, and subsequently modified in 1858. It provided for a uniform five per cent. *ad valorem* tax. Since then other nations trading with China have adopted the same tariff. In subsequent treaties there were provisions for periodic revision of the tariff, but no revision was effected until 1908 and 1918. The revision was due to the great increase in the value of the commodities; hence the goods were valued anew, but the old five per cent. rate decided upon fifty years ago has been maintained till this day.

Now this tariff has caused no little injury to China's Government finance as well as private economy. In other countries the tariff rates are all different, and incoming goods are dutiable according to the category they belong to. That is to say, luxuries would pay the highest duty, then articles of daily use, and then raw materials. For example, in England, America, France and Italy wine and tobacco pay a duty ranging from twenty-five to one hundred per cent., whereas Japan collects a duty of three hundred and fifty-five per cent. on imported tobacco leaves. Yet in China the five per cent. rule is applied to all goods, whether luxuries or necessities. Therefore, no encouragement is accorded to the entry of raw materials or machinery, nor is there any restriction put upon the importation of luxuries. The annual revenue from this source is also restricted and we have to resort to the universally execrated Li-kin imposition in order to make good the deficit.

In 1902-1903, when China concluded new commercial treaties with Great Britain, the United States and Japan, it was stipulated that the Li-kin was to be abolished, and in return the tariff

assessment was to be increased from five per cent. to twelve and a half per cent. But the change was to be conditional upon a similar engagement on the part of all other Powers. Unfortunately many Powers were not so prepared ; hence up to date the proposed reform has not been carried into effect.

Under these conditions, China cannot receive the benefit of a reciprocity tariff. All foreign goods coming into China pay duties at five per cent., but Chinese goods entering foreign ports have to pay duties many times more than five per cent. Therefore, the most-favored-nation treatment is only applied in favor of foreign countries. As a result, the imports are always in excess of exports, causing a heavy financial drain upon the country.

Such being the case, it is earnestly hoped that the foreign Powers will generously restore tariff autonomy to our country. For such tariff autonomy will encourage our industrial development and increase the purchasing power of our people. Both Chinese and foreigners will be benefited and the peace of the Far East will be doubly assured.

In addition there are also the following encumbrances upon our political and economic systems :—Legation guards, international garrisons and leased territories. Their withdrawal or retrocession has been earnestly desired by our people and we sincerely hope that the friendly nations will not disappoint our Republic. These points were brought up by China's delegates at the Paris Peace Conference, and we will not discuss them any further.

CONCLUSION

In short, in the interests of the world's future peace, our people should learn to be economically independent themselves and then they can supply other nations with what they need. Similarly, the other nations should remember that, in helping China, they will also be helping themselves.

In the present volume we have only attempted to touch upon generalities in order to awaken a greater realization among our people and also to enlist the sympathy of friendly Powers. The furnishing of details and exhaustive discussions we must leave to experts within the country, who will give us out of their abundance of knowledge and information. By so doing our people will be given greater enlightenment and our government will be guided accordingly. Then the whole nation will be united in the promotion of the common ideals. And if later a new strong and prosperous China shall emerge from the present backward conditions, the efforts of all who have helped directly or indirectly to bring it about will be amply rewarded.

CONCLUSION



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